



CAUTION

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Archives and Records Staff

MF114908

PSA#00777

State Lease	Control	Base File	County
MF114908	15-002676	153145	REEVES
MF114908	04-020632	091791	REEVES

Survey	T & P RY CO	
Block	56	
Block Name		
Township	2-S	
Section/Tract	40	
Land Part		
Part Description	ALL EXCEPT HWY ROW, ROW - PART OF S	
Acres	640	
Depth Below	Depth Above	Depth Other
	See Lease	

Leasing: [Signature]
Analyst: _____
Maps: [Signature]
GIS: _____
DocuShare: _____

Name	CIMAREX ENERGY CO.
Lease Date	4/2/2013
Primary Term	5 yrs
Bonus (\$)	\$1,315,840.00
Rental (\$)	\$5.00
Lease Royalty	0.2500

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1. BID FORM	4/2/13 <i>sm</i>	19. Amended Drilling Permit API 389-37612	4/01/19
2. OIL & GAS LEASE	5/1/13 <i>sm</i>	20. Amended Drilling Permit API 389-37613	4/01/19
3. TRANSMITTAL LETTER	5/9/13 <i>sm</i>	scanned <i>pt</i>	4-12-2019
Scanned <i>sm</i> 7/8/13		21. Reconciliation Billing	7/30/19
4. Rentals - 2 nd yr.	03/24/2014	scanned <i>pt</i>	8-6-2019
Scanned <i>pt</i> 8-8-14		scanned <i>pt</i>	8-16-2019
5. Certified copy of lease	10/27/14 <i>sm</i>	22. PSA #00777	10-27-25
6. Rentals - 3 rd yr.	02/16/15	scanned <i>wmm</i>	10-28-2025
Scanned <i>pt</i> 5-27-15			
7. Rentals 4 th yr	2/29/2016		
8. Ltr. From Anadarko	8/30/16		
9. Ltr. to Anadarko	9/2/16		
10. Pooling Agmt. Packet #8098			
1/4 th State 56-2-45 Unit	9/19/16		
(See MF114907 #11, Assign #9828)			
(From: Cimarex To: Anadarko)			
scanned <i>pt</i> 11-1-16			
11. Notice of Spud API 389-35355 Unit 8098	1/20/17		
scanned <i>pt</i> 2-10-17			
12. Division Order	10-9-17		
scanned <i>pt</i> 10-23-2017			
13. Shut-in affidavit & payment	3/20/18		
14. Letter accepting shut-in	3/20/18		
scanned <i>pt</i> 3-22-2018			
15. Drilling Perm. API 389-37609 Unit 8098	11/11/19		
16. Drilling Perm. API 389-37612 Unit 8098	11/11/19		
17. Drilling Perm. API 389-37613 Unit 8098	11/11/19		
scanned <i>pt</i> 2-1-2019			
18. Amended Drilling Permit API 389-37609	4/1/19		



Check Number 0001499087

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703272013y	03/27/2013		1,315,840.00	0.00	1,315,840.00

119616

← Vendor

Check Date: 03/28/2013

Check Amount 

1,315,840.00



Check Number 0001499128

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703272013v	03/27/2013		19,737.60	0.00	19,737.60

119616

← Vendor

Check Date: 03/28/2013

Check Amount 

19,737.60

State Lease Number
M- 114908
For GLO Use Only



April 2, 2013

OIL AND GAS LEASE BID APPLICATION

APPLICANT AGREEMENT

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, and as those laws may be amended.

APPLICANT IDENTIFICATION TO APPEAR ON LEASE (type/print)

Name: Cimarex Energy Co.
 Address: 600 N. Marienfeld Ave, Suite 600
 City: Midland State: TX Zip: 79701
 Telephone: (432) 571-7800 (Include +4 Code)

AREA DESCRIPTION

County(ies): Reeves Survey/Area: T&P RY Co.
 (If Applicable)
 Block/Tsp.: 56, 2-S Section/Tract: 40 Acres: 640
 (If Applicable)

BID SUBMISSION

(A) Bonus Amount (\$ 1,315,840.00)
 One Million Three Hundred Fifteen Thousand Eight Hundred Forty Dollars and 00/100 cents
 (type/print above)
 (B) Sales Fee Amount (\$ 19,737.60)
 Nineteen Thousand Seven Hundred Thirty Seven Dollars and 60/100 cents
 (type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.
<u>15</u>

APPLICANT NAME

Cimarex Energy Co.
 (same as above)

BONUS AMOUNT ONLY (A) (Do Not include sales fee)

(\$ 1,315,840.00)

STATE OF TEXAS TAX I.D.

[REDACTED]
 (must be an 11-digit number)

SIGNATURE OF AGENT

[Signature]
 (signature)

Roger Alexander
 (type/print name)

13708757
 (\$ 1,315,840.00)
 13708758
 19737.60

13108128

13108121

⑦ File No. M-114908
Bid Form

Date Filed: 5/9/13
Jerry E. Patterson, Commissioner

By George Martin

4 512

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-114908

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

SECTION 40, BLOCK 56, TOWNSHIP 2-S, T. & P. RY. CO. SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the **2nd day of April, 2013**, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the **2nd day of April, 2013**, hereinafter the "effective date" and it was found and determined that **CIMAREX ENERGY CO.** whose address is **600 N. MARIENFELD AVE., SUITE 600, MIDLAND, TEXAS 79701** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, **Jerry E. Patterson**, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is **Austin, Texas**, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Million Three Hundred Fifteen Thousand Eight Hundred Forty and 00/100 Dollars (\$1,315,840.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$1,000.00
Fourth	\$ 5.00

4. **PRODUCTION ROYALTIES:** Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to \$5.00 per acre; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to \$5.00 per acre less the amount of royalties paid during the preceding year.

(I) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. ROYALTY PAYMENTS AND REPORTS: All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

6. (A) RESERVES, CONTRACTS AND OTHER RECORDS: Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) DRILLING RECORDS: Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

(C) PENALTIES: Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.

7. RETAINED ACREAGE: Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) IDENTIFICATION AND FILING: The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

10. CESSATION, DRILLING, AND REWORKING: If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. SHUT-IN ROYALTIES: For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) **UPLANDS:** Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

18. RELEASES: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

19. LIEN: In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under

this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that, no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased

premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

LESSEE

BY: _____

TITLE: _____

DATE: _____

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____

COUNTY OF _____

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, undersigned authority, on this day personally appeared _____

known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____

and acknowledged to me that he executed the same

for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the _____ day of _____, 20____.

Notary Public in and for _____

STATE OF _____

COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____.

Notary Public in and for _____

File No. M-114908
Oil & Gas Lease
Date Filed: 5/21/13
Jerry E. Patterson, Commissioner
By George Martin

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 9, 2013

Mr. Roger Alexander
Cimarex Energy Co.
600 N. Marienfeld Ave., Suite 600
Houston, Texas 79701

Dear Mr. Alexander:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on April 2, 2013. I am pleased to inform you that Cimarex Energy Co. was the high bidder on **MGL No. 15**, which has been assigned the lease number **M-114908**.

State Lease M-114908 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires submission of written notice for all drilling, production, and related activities. When forms are filed with the Texas Railroad Commission, they are required to submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G -1, Gas Well Completion Report and Log; W-3, Plugging Record; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; Electric Logs; Directional Surveys.

Please let me know if you have any questions or need any additional information.

Sincerely,

Robert B. Hatter, Director
Mineral Leasing Division

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

③ File No. M-114908
Transmittal Letter

Date Filed: 5/9/13
Jerry E. Patterson, Commissioner

By George Martin

CIMAREX

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

14709529

Present for payment within 180 days.

Payee No.	Check No	Check Date	Check Amount
030618	0004006145	03/20/2014	*****\$481,300.00

PAY Four Hundred Eighty One Thousand Three Hundred Dollars and Zero Cents

TO THE
ORDER
OF

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Paul Korus
Henri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0004006145⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0004006145

Invoice #	Oblig. Date	Description	Lessor	Net Amount
		RENTAL PAYMENT 2 nd yr. \$3,200.00		14709529
				121

030618

Payee

Check Date: 03/20/2014

Check Amount

481,300.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-14	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 102/Page 484/Registry 65891 Culberson/TX	16,875.00
OBL20140318-16	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M- 112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2014 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	320,000.00
OBL20140318-19	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013511001, STATE OF TEXAS, M-110702 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 298/Registry 000065484 Culberson/TX	8,000.00
OBL20140318-20	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013512001, STATE OF TEXAS, M-110703 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 304/Registry 000065485 Culberson/TX	16,000.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-21	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013513001, STATE OF TEXAS, M-110704 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 310/Registry 000065486 Culberson/TX	16,000.00
OBL20140318-22	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013514001, STATE OF TEXAS, M-110705 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 316/Registry 000065487 Culberson/TX	16,000.00
OBL20140318-23	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013515001, STATE OF TEXAS, M-110706 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 322/Registry 000065488 Culberson/TX	16,000.00
OBL20140318-24	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013516001, STATE OF TEXAS, M-110707 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 328/Registry 000065489 Culberson/TX	16,000.00
OBL20140318-25	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013517001, STATE OF TEXAS, M-110708 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 334/Registry 000065490 Culberson/TX	8,525.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-26	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013519001, STATE OF TEXAS, M-110710 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 346/Registry 000065492 Culberson/TX	16,975.00
OBL20140318-27	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013521001, STATE OF TEXAS, M-110713 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 358/Registry 000065494 Culberson/TX	8,525.00
OBL20140318-28	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013532001, STATE OF TEXAS, M-110700 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 286/Registry 000065482 Culberson/TX	8,000.00
OBL20140318-29	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013533001, STATE OF TEXAS, M-110701 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 292/Registry 000065483 Culberson/TX	8,000.00
OBL20140318-30	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013760001 ST OF TEXAS - M114907 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/02/2014 Freq: 1 Yea Book 1005/Page 453/Registry 13-04025 Reeves/TX	3,200.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-31	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013759001 ST OF TEXAS - M114908 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 1005/Page 447/Registry 13-04024 Reeves/TX	3,200.00
			481,300.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		See Attached		

RECEIPT

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE 03/24/2014

BY [Signature] for GLO

PLEASE DATE, SIGN AND RETURN

030618	Payee	Check Date: 03/20/2014	Check Amount	481,300.00
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Pay

Four Hundred Eighty One Thousand Three Hundred Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

0004006145 03/20/2014 481,300.00

NON-NEGOTIABLE

File No. MF114908 (4)

Rentals - 2nd yr.

Date Filed: 03/24/2014

Jerry E. Patterson, Commissioner

By *[Signature]*

Lease Form
Revised 10/99
Surveyed School Land

13-04024
FILED FOR RECORD
REEVES COUNTY, TEXAS
Jun 10, 2013 at 03:34:00 PM

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-114908

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

SECTION 40, BLOCK 56, TOWNSHIP 2-S, T. & P. RY. CO. SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 2nd day of April, 2013, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 2nd day of April, 2013, hereinafter the "effective date" and it was found and determined that CIMAREX ENERGY CO. whose address is 600 N. MARIENFELD AVE., SUITE 600, MIDLAND, TEXAS 79701 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of One Million Three Hundred Fifteen Thousand Eight Hundred Forty and 00/100 Dollars (\$1,315,840.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of five (5) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

Anniversary Date	Delay Rental per Acre
First	\$ 5.00
Second	\$ 5.00
Third	\$1,000.00
Fourth	\$ 5.00

4. **PRODUCTION ROYALTIES:** Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.



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(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to \$5.00 per acre; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to \$5.00 per acre less the amount of royalties paid during the preceding year.

(I) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. ROYALTY PAYMENTS AND REPORTS: All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

6. (A) **RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) **DRILLING RECORDS:** Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

(C) **PENALTIES:** Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.

7. **RETAINED ACREAGE:** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

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(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) IDENTIFICATION AND FILING: The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

10. CESSATION, DRILLING, AND REWORKING: If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. SHUT-IN ROYALTIES: For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.



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Reeves County
Clerks Office

2797

15. **POLLUTION:** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) **UPLANDS:** Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. **IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. **ASSIGNMENTS:** The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

18. **RELEASES:** Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

19. **LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

20. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under

this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. **RIVERBED TRACTS:** In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. **REMOVAL OF EQUIPMENT:** Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. **FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased



True and Correct
copy of
Original filed in
Reaves County
Clerks Office

2197

premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. **LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. **REDUCTION OF PAYMENTS:** If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. **SUCCESSORS AND ASSIGNS:** The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. **ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. **LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. **EXECUTION:** This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

LESSEE [Signature] CTE
BY: Roger Alexander
TITLE: Attorney in Fact
DATE: _____

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

[Signature]
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS
APPROVED
Contents [Signature]
Legal [Signature]
DC [Signature]
Exec [Signature]



True and Correct
copy of
Original filed in
Reeves County
Clarks Office

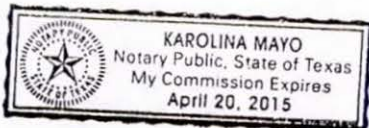
27974

STATE OF TEXAS
COUNTY OF MIDLAND

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared ROGER ALEXANDER
known to me to be the person whose name is subscribed to the foregoing instrument, as ATTORNEY-IN-FACT of FOR
CIMAREX ENERGY Co. and acknowledged to me that he executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 23rd day of MAY, 2013



Karolina Mayo
Notary Public in and for THE STATE OF TEXAS

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the
same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____.

Notary Public in and for _____

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Inst No. 13-04024
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jun 10 at 03:34 PM
REEVES COUNTY, TEXAS
By: LR L. Raup DEPUTY

27074



True and Correct
copy of
Original filed in
Reeves County
Clerks Office

⑤

File No. M-114908
Certified copy of Lease
Date Filed: 10/27/14
Jery E. Patterson, Commissioner
By George Martin

**CERTIFIED TRUE AND CORRECT COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF REEVES**

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1005, PAGE 447, THRU 452 **OFFICIAL PUBLIC RECORD**

I hereby certified on 7/11/13



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Mary Abila DEPUTY
MARY ABILA



CIMAREX ENERGY CO

1700 LINCOLN STREET SUITE 3700

DENVER CO 80203-4518

(303) 295-3995

WELLS FARGO BANK NA

56-382/412

15709089

Present for payment within 180 days.

Payee No.	Check No	Check Date	Check Amount
030618	0004006452	03/11/2015	*****\$8,000.00

PAY Eight Thousand Dollars and Zero Cents

TO THE
ORDER
OF

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Paul Korns
Shirri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

⑈0004006452⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

Check Number 0004006452

Invoice #	Oblig. Date	Description	Lessor	Net Amount
		RENTAL PAYMENT MF114908 3rd yr. \$3,200.00 (P)		15709089 121
030618		Payee	Check Date: 03/11/2015	Check Amount 8,000.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006452
Check Date: 03/11/2015

Invoice #	Invoice Date	Lessor		Net Amount
OBL20150310-15	03/10/2015	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M-112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2015 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	ST- TX #M-112444	1,600.00
OBL20150310-17	03/10/2015	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013760001 ST OF TEXAS - M114907 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/02/2015 Freq: 1 Yea Book 1005/Page 453/Registry 13-04025 Reeves/TX	ST OF TX - M 114907	3,200.00
CEL20150310-18	03/10/2015	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013759001 ST OF TEXAS - M114908 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/06/2015 Freq: 1 Yea Book 1005/Page 447/Registry 13-04024 Reeves/TX	ST OF TX - M 114908	3,200.00
				8,000.00

File No. MF114908 (6)

Rentals- 3rd yr. County

Date Filed: 02/16/2015

George P. Bush, Commissioner

By [Signature]

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



February 26, 2016

Via-Federal Express

State of Texas

Attn: Drew Reid

1700 N. Congress Ave., Suite 840

Austin, TX 78701-1495

**RE: 3rd year rental payment
Mineral Classified Oil & Gas Lease
Reeves County, Texas**

Dear Mr. Reid:

Enclosed herewith please find Cimarex Energy Co. check number 001661826 and check number 0001661827 each in the amount of ***Six Hundred Forty Thousand and 00/100 (\$640,000.00)*** representing the rental payment for the 3rd year on the current Mineral Classified Oil & Gas Leases listed below.

State Lease MF 114907 - Commissioner of the General Land Office

Dated: April 2, 2013

Volume 1005, Page 0456

Covering 640 acres in Sections 38, Block 56, Township 2-S, T&P RR Ry. Co Survey, Reeves County, Texas

State Lease MF 114908 - Commissioner of the General Land Office

Dated: April 2, 2013

Volume 1005, Page 0447

Covering 640 acres in Sections 40, Block 56, Township 2-S, T&P RR Ry. Co Survey, Reeves County, Texas

Each check represents the total 3rd year rental payment calculated as follows: 640 nma x \$1,000 = \$640,000.00.

If you have any questions or concerns, please do not hesitate to contact me at the number below. Thank you for your time and attention.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in cursive script, appearing to read "Priscilla Sanchez", written in dark ink.

Priscilla Sanchez

Land Technician

432.620.1968 (direct)

psanchez@cimarex.com

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001661827

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702102016K	02/10/2016	MF-114908	640,000.00	0.00	X 640,000.00
					121
					16707232

004754

← Vendor

Check Date: 02/23/2016

Check Amount →

640,000.00

7

File No. MF 114908

Rentals 4th yr County

Date Filed: 2/29/2016

George P. Bush, Commissioner

By BN

2016.02.29



August 29, 2016

Mr. J. Daryl Morgan
Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

**RE: Pooling Agreements:
Yeti State 56-2-45 Unit
Kaycee State 57-3-33 Unit**

Dear Mr. Morgan

Enclosed herewith please find the partially executed Pooling Agreements for the above referenced units.

Please send us a fully executed original, for each unit, at your earliest convenience.

Thank you for your assistance. Please do not hesitate to contact Landman, Mark Hajdik, at (832) 636-3804 with questions.

Sincerely,

ANADARKO E&P ONSHORE LLC

A handwritten signature in blue ink that reads "Cari Kirk". The signature is written in a cursive, flowing style.

Cari Kirk
Land Analyst

8

File No. M-114908

Ltr. From Anadarko County

Date Filed: 8/30/16

George P. Bush, Commissioner

By h



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 2, 2016

Ms. Cari Kirk
Anadarko E&P Onshore, LLC
P. O. Box 1330
Houston, Texas 77251-1330

Re: Pooling Agreements
Sasquatch State 56-2-38 Unit - GLO Unit No. 8097
Yeti State 56-2-45 Unit - GLO Unit No. 8098
Reeves County, Texas

Dear Ms. Kirk:

Enclosed is a duplicate original of each of the above referenced Pooling Agreements that have been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of each Agreement for our files. Please refer to the referenced GLO Unit Nos. for each Unit when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions or need anything further, please do not hesitate to contact me.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosures

9

File No. M-114908

Ltr. to Anadarko County

Date Filed: 9/2/16

George P. Bush, Commissioner

By [Signature]

DO NOT DESTROY



Texas General Land Office UNIT AGREEMENT MEMO

UPA169224

Unit Number 8098
Operator Name Anadarko E&P Onshore LLC Effective Date 08/08/2016
Customer ID C000044444 Unitized For Oil And Gas
Unit Name Yeti State 56-2-45 Unit Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.16669518
State Part in Unit 0.66678073
Unit Depth Allow All Depths Well
From Depth Formation
To Depth Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
--------------	----------	---------------------	------------------	---------------------	-----	---------------	----------------------	-------------------------------

MF114908	1	643.030000	964.380000	0.66678073	O/G	0.25000000	0.16669518	No
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API Number
4238935355

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

09/07/16

09/07/16

09/19/16

09/26/16

09/07/16

Pooling Committee Report

To: School Land Board

UPA169224

Date of Board Meeting: 08/08/2016

Unit Number: 8098

Effective Date: 08/08/2016

Unit Expiration Date:

Applicant: Anadarko E & P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Yeti State 56-2-45 Unit

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
U Fee	MF114908	0.25000000	04/02/2018	5 years	640.000000	643.030000	0.16669518

Private Acres:	321.350000
State Acres:	643.030000
Total Unit Acres:	964.380000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	66.68%
<u>State Net Revenue Interest:</u>	16.67%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil And Gas
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 7,500 foot lateral (FTP to LTP).

Working File Number: UPA169224

REMARKS:

- Anadarko E & P Onshore LLC is requesting permanent oil and gas pooling of all depths in order to test the Wolfcamp formation.
- The applicant plans to spud the first unit well on December 1, 2016 with a proposed total depth of 9,859' TVD. A 7,500 foot lateral is expected to be drilled.
- With Board approval of the unit the State's unit royalty participation will be 16.67%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to drill a total of four unit wells. The three subsequent wells will be spud by or before April 2, 2019 or the unit will decrease in size to 320 acres per unit well drilled.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.

Mary Smith - Office of the Attorney General

Date

Robert Hatter - General Land Office

Date

Diane Morris - Office of the Governor

Date

D.W.
HENDERSON
A-2213

T. &
P.R.R.CO.
A-592

D.W.
HENDERSON
A-2216

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T. &
P.R.R.CO.
A-596

state
A-2527
MF114908

T. &
P.R.R.CO.
A-595

MF114908
A-2527

44

45

O.M.
HENDERSON
A-2217

T. &
P.R.R.CO.
A-598

M. WILMETH
A-2528

R.D.
COMPTON
A-5327

O.M.
HENDERSON
A-2219

T. &
P.R.R.CO.
A-877

REEVES
COUNTY

LOVING
COUNTY

Unit #8098
Anadarko E&P Onshore, LLC.
Yeti State 56-2-45 Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:
Mark Conway
Enterprise Technology Solutions/GIS
August 2016

1,500 750 0 1,500 Feet

POOLING AGREEMENT
ANADARKO E&P ONSHORE LLC
YETI STATE 56-2-45 UNIT
GLO UNIT NO. 8098
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Anadarko E&P Onshore LLC, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit subject to the provision in the State Leases for Horizontal Severance ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid

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to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than the number of acres included in the pooled unit, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of August 8, 2016.

TERM:

8.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A".



STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below.

Date Executed

9/1/14

STATE OF TEXAS

By:



George P. Bush, Commissioner
General Land Office

Legal
Content
Geology
Executive

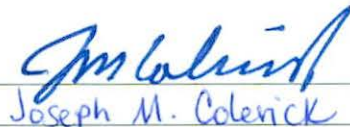


Date Executed

8/18/2016

ANADARKO E&P ONSHORE LLC

By:



Joseph M. Colerick

Its:

Agent and Attorney-in-Fact

MRH
WBR

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

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This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below.

Date Executed _____

STATE OF TEXAS

Legal
Content
Geology
Executive

jm

By: _____
George P. Bush, Commissioner
General Land Office

Date Executed 8/23/2016

SWEPI LP

By: Jeff Turnbull
Jeff Turnbull
Attorney-In-Fact
Its: _____

AAA

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CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 8th day of August, 2016, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 31st day of August, 2016.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Montgomery

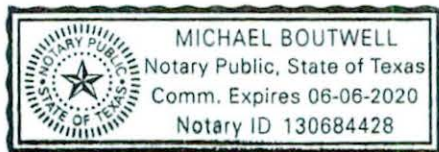
This instrument was acknowledged before me on August 18th, 2016, by Joseph M. Colenick as Agent and Attorney-in-Fact for Anadarko E&P Onshore LLC, a Delaware limited liability company on behalf of said company.



Cari Kirk
Notary Public in and for the
State of Texas

STATE OF TEXAS
COUNTY OF HARRIS

This instrument was acknowledged before me on August 23, 2016, by Jeff Turnbull
as Attorney-in-Fact for SWEPI LP, a Delaware limited partnership on behalf of said
company.



Michael Boutwell
Notary Public in and for the State of Texas

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Addendum "A"

To that certain Pooling Agreement for the Yeti State 56-2-45 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C". Lessee agrees to drill a minimum of four (4) horizontal wells within the unit; provided however that, should Lessee fail to meet the "Drilling Obligation Timeframe", as specifically defined below, that such unit shall remain in full force and effect as to any and all wells drilled upon the unit acreage, but shall shrink down to allow for a maximum size of 240 acres plus a maximum acreage tolerance of 10% per well drilled in the unit, as close as is reasonably practicable to the shape of a square or rectangle surrounding the wells. In the event that Lessee chooses to drill wells ahead of the Drilling Obligation Timeframe detailed below, then Lessee shall not be penalized for doing so and shall still conserve the benefit of the Drilling Obligation Timeframe described below.

Drilling Obligation Timeframe:

Lessee shall have commenced actual drilling operations in the following manner:

First well – By or before August 8, 2017;

Subsequent three wells – By or before April 2, 2019;

Once actual drilling operations have been commenced on a particular well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances.

In the event Lessee commences actual drilling operations on all four (4) wells committed to be drilled hereunder and such wells are thereafter completed as wells being capable of producing oil or gas in paying quantities, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape as described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph nine (9) of this Agreement.

End of Addendum "A"



Exhibit "A-1"

To that certain Pooling Agreement dated effective August 8, 2016.

Oil and Gas Lease(s) Included in the Unit:

- 1. Lessor:** Chevron U.S.A. Inc.
Lessee: Anadarko E&P Onshore LLC
Date: 2/1/2014
Recorded: Volume 1064, Page 165

- 2. Lessor:** STATE OF TEXAS, M-114908
Lessee: CIMAREX ENERGY CO.
Date: 4/2/2013
Recorded: Volume 1005, Page 447

97-002-0

Exhibit "A-2"
To that certain Pooling Agreement dated effective August 8, 2016.

Legal Description:

Block 56, Township 2, Reeves County, TX:

<u>Section</u>	<u>Gross / Net Ac</u>	<u>Description</u>
Section 40	643.03	All
Section 45	321.35	N/2

97.00.00

Exhibit "B"

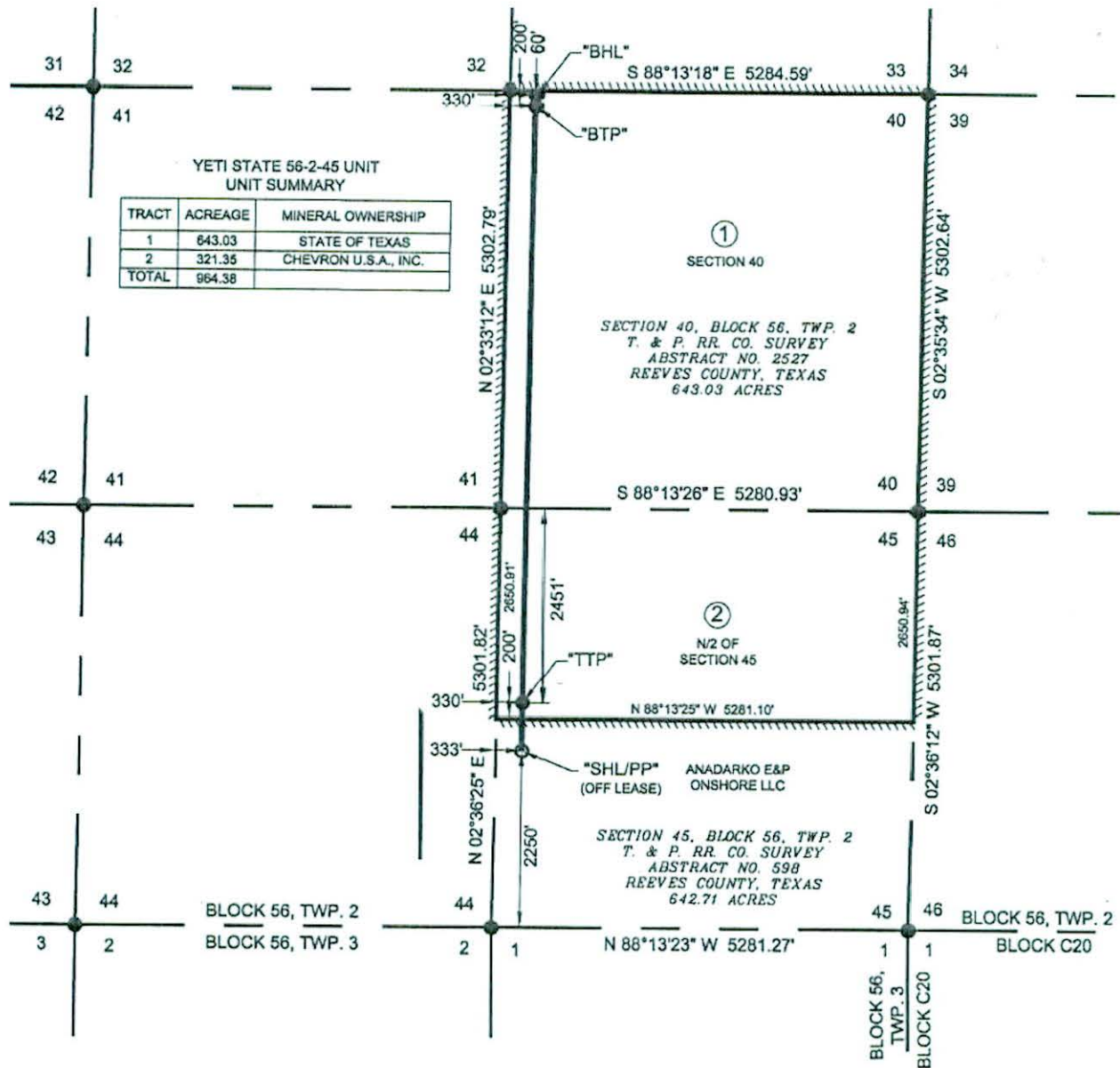
To that certain Pooling Agreement dated effective August 8, 2016.

Legal Description of the tracts within the 964.38 acre Yeti State 56-2-45 Unit:

- Tract 1: 643.03 acres, more or less, out of Section 40, Block 56, Township 2, T&P RR Co Survey, Abstract 2527, Reeves County Texas, being All of said section.
- Tract 2: 321.35 acres, more or less, out of Section 45, Block 56, Township 2, T&P RR Co Survey, Reeves County Texas, being the North Half (N/2) of said section.

97.02.0

To that certain Pooling Agreement dated effective August 8, 2016.



3700

0000

File No.

M-114908

Police Asst. Packet # 8098

Yehi State 56-2-45 Unit

Date Filed:

9/19/16

George P. Bush, Commissioner

By





September 22, 2016

Mr. J. Daryl Morgan
Texas General Land Office
P O Box 12873
Austin, Texas 78711-2873

Re: Yeti State 56-2-45 Unit 1H – Notice of Spud Date
ST TX MF-114908
Section 40, Block 56, T-2, T&P Ry Co Svy
REEVES COUNTY, TEXAS

Dear Mr. Morgan:

Please be advised that Anadarko E&P Onshore LLC spud the subject well on September 19, 2016.

Enclosed for your records, please find copy of said permit and plat.

Should you have any questions, please feel free to contact me at (832) 636-7372.

Sincerely,

ANADARKO E&P ONSHORE LLC

A handwritten signature in blue ink that reads "Vicki Weiss".

Vicki Weiss
Landman

Enclosure

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 817750	DATE PERMIT ISSUED OR AMENDED Aug 24, 2016	DISTRICT * 08		
API NUMBER 42-389-35355	FORM W-1 RECEIVED Aug 15, 2016	COUNTY REEVES		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38		
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581		
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 1H		
LOCATION 4.14 miles SE direction from ORLA		TOTAL DEPTH 13000		
Section, Block and/or Survey SECTION 45 BLOCK 56 T2 ABSTRACT 598 SURVEY T&P RR CO				
DISTANCE TO SURVEY LINES 2250 ft. SOUTH 333 ft. WEST		DISTANCE TO NEAREST LEASE LINE 1 ft.		
DISTANCE TO LEASE LINES 2250 ft. SOUTH 333 ft. WEST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO. 0301518				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL # NEAREST WE	DIST
-----	-----	-----	-----	-----
** PHANTOM (WOLFCAMP)	964.38	13,000	1H	08
YETI STATE 56-2-45 UNIT	1		0	

WELLBORE PROFILE(s) FOR FIELD: Horizontal				

RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production.				
Lateral: TH1 Penetration Point Location Lease Lines: 2250.0 F SOUTH L 333.0 F WEST L				
Terminus Location BH County: REEVES Section: 40 Block: 56 T2 Abstract: 2527 Survey: T&P RR CO/WILMETH, MRS M Lease Lines: 60.0 F NORTH L 330.0 F WEST L Survey Lines: 60.0 F NORTH L 330.0 F WEST L				
'***' PRECEDING FIELD NAME INDICATES RULE (R37)				
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS				

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 817750	DATE PERMIT ISSUED OR AMENDED Aug 24, 2016	DISTRICT * 08
API NUMBER 42-389-35355	FORM W-1 RECEIVED Aug 15, 2016	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 1H
LOCATION 4.14 miles SE direction from ORLA		TOTAL DEPTH 13000
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO		
DISTANCE TO SURVEY LINES 2250 ft. SOUTH 333 ft. WEST		DISTANCE TO NEAREST LEASE LINE 1 ft.
DISTANCE TO LEASE LINES 2250 ft. SOUTH 333 ft. WEST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO. 0301518		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.		

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



ANADARKO E&P ONSHORE LLC

SHEET NO. 1 OF 1

NATURE OF WORK WELL LOCATION STAKING DATE 08-11-16 SRID NO. 7314
PROJECT- YETI STATE 56-2-45 UNIT 1H JOB OR AFE NO. 2124935.PDE
SEC. 40, 45 BLK OR RANGE 56 TWP 2 SURVEY T. & P. RR. CO. CO. REEVES STATE TEXAS
REMARKS RE: ☐ AS-BUILT ☒ STAKING

YETI STATE 56-2-45 UNIT
UNIT SUMMARY

TRACT	ACREAGE	MINERAL OWNERSHIP
1	643.03	STATE OF TEXAS
2	321.35	CHEVRON U.S.A., INC.
TOTAL	964.38	

NOTE:

YETI STATE 56-2-45 UNIT 1H
LOCATION BEING
S 28°05' E, 4.14 MILES FROM
ORLA, REEVES COUNTY, TEXAS

YETI STATE 56-2-45 UNIT 1H
WELL BORE SUMMARY
SHL/PP TO TTP=N 02°20'17" E, 600.62'
TTP TO BTP=N 02°34'14" E, 7553.64'
BTP TO BHL=N 02°33'12" E, 140.01'

SECTION TIES SUMMARY
YETI STATE 56-2-45 UNIT 1H
SHL/PP-2250' FSL, 333' FWL-SECTION 45
TTP-2451' FNL, 330' FWL-SECTION 45
TTP-200' FSL, 330' FWL-UNIT
BTP-200' FNL, 330' FWL-SECTION 40
BHL-60' FNL, 330' FWL-SECTION 40

BLOCK 56, TWP. 2
BLOCK 56, TWP. 3

SECTION 40, BLOCK 56, TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 2527
REEVES COUNTY, TEXAS
643.03 ACRES

SECTION 45, BLOCK 56, TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 598
REEVES COUNTY, TEXAS
642.71 ACRES

N 88°13'23" W 5281.27'

BLOCK 56, TWP. 2
BLOCK C20

STATE PLANE COORDINATE DATUM
NAD 27 - TEXAS CENTRAL ZONE 4203

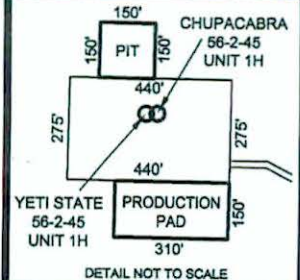
YETI STATE 56-2-45 UNIT 1H SHL/PP (ELEV.=2875.17')

X = 900031.21 LAT = 31°46'22.886" N LAT = 31.77302397° N
Y = 783580.94 LONG = -103°52'24.107" W LONG = -103.87336317° W
YETI STATE 56-2-45 UNIT 1H TTP
X = 900055.72 LAT = 31°46'28.830" N LAT = 31.77467498° N
Y = 784181.04 LONG = -103°52'24.045" W LONG = -103.87334577° W
YETI STATE 56-2-45 UNIT 1H BTP
X = 900394.65 LAT = 31°47'43.576" N LAT = 31.79543767° N
Y = 791726.88 LONG = -103°52'22.902" W LONG = -103.87302821° W
YETI STATE 56-2-45 UNIT 1H BHL
X = 900400.89 LAT = 31°47'44.961" N LAT = 31.79582254° N
Y = 791866.75 LONG = -103°52'22.881" W LONG = -103.87302245° W

STATE PLANE COORDINATE DATUM
NAD 83 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 1H SHL/PP (ELEV.=2875.17')

X = 1196493.26 LAT = 31°46'23.343" N LAT = 31.77315066° N
Y = 10626158.00 LONG = -103°52'25.800" W LONG = -103.87383338° W
YETI STATE 56-2-45 UNIT 1H TTP
X = 1196517.76 LAT = 31°46'29.287" N LAT = 31.77480188° N
Y = 10626758.12 LONG = -103°52'25.738" W LONG = -103.87381602° W
YETI STATE 56-2-45 UNIT 1H BTP
X = 1198856.55 LAT = 31°47'44.032" N LAT = 31.79556442° N
Y = 10634304.16 LONG = -103°52'24.596" W LONG = -103.87349902° W
YETI STATE 56-2-45 UNIT 1H BHL
X = 1198862.79 LAT = 31°47'45.417" N LAT = 31.79594928° N
Y = 10634444.04 LONG = -103°52'24.576" W LONG = -103.87349327° W



Plat notes

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983 (2011), CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO NGS MONUMENT "CHAPMAN ET" (N:10625750.01, E:1199666.18) WHERE THE CONVERGENCE ANGLE IS -1° 49' 05.8" AND THE COMBINED SCALE FACTOR IS 0.99983864. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 08-11-16 DATE SURVEYED 07-28-16 DRAFT ST

JOB NO. 1607064 FIELD BOOK V. JG14, P. 31 REV. 1

FILE 1607064 YETI STATE 56-2-45 UNIT 1H RRC PERMIT PLAT

2000' 0' 2000' 4000'



MAGNETIC NORTH IS CURRENT AS OF 07/28/2016.
MAGNETIC NORTH CHANGES WEST 0.10" PER YEAR

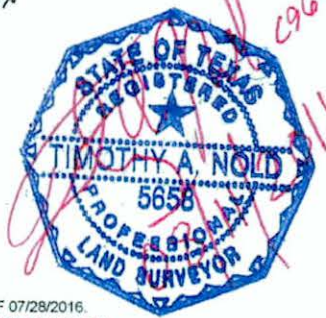


TBPLS FIRM# 10194245
201 West Wall Street, Suite 325
Midland, Texas 79701
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE WELL PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

TIMOTHY A. NOLD TEXAS R.P.L.S. NO. 5658

DATE



File No. MF 114908

11.

Reeves County

Notice of Spud API 389-35355 Unit 8098

Date Filed: 01/20/2017

George P. Bush, Commissioner

By Jm

8.53.70

MF 114908

Anadarko E&P Onshore LLC

Division Order

YOUR COPY

STATE OF TEXAS
OFFICE
1700 N CONGRESS AVENUE
STEPHEN F AUSTIN BLDG
AUSTIN, TX 78701-1436

See reverse for list of
Properties and Interests.

Effective Date: Date of First Sales

The undersigned certifies the ownership of their decimal interest in production as described above payable by Anadarko E&P Onshore LLC (Payor).

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100, or Sept. 30 whichever occurs first, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Note: NADOA Model Form Division Order (Adopted 9/95)

Special Clause(s): Payee agrees that by execution of this DO and returning the signature page to Payor that the signature page will be attached to Payor's duplicate original of this instrument and treated as an original for all purposes.

FIRST SALES: 6/26/2017

RV45678204
STATE OF TEXAS
OFFICE



Signature of Witness

Owner Signature/Corporate Title

Owner Address (if different from above)

Signature of Witness

Owner Signature/Corporate Title

City, State Zip Code

Owner Daytime Phone

Email Address

*Failure to furnish your Social Security/Tax ID number will result in withholding tax in accordance with federal law and any tax withheld will not be refundable by payor.
** All individual parties must complete and return the enclosed W9 to ensure proper payment. Additional forms may be obtained at www.irs.gov

Please return to:
Anadarko E&P Onshore LLC
P.O. BOX 1330
HOUSTON, TX 77251-9874
1-800-359-1692

Date Prepared: June 29, 2017
Prepared By: SARAH HALL
Suspense Flag: N

Property	Property Name	Product	State/County	Int Type	Interest
120184	YETI STATE 56-2-45 UNIT 1H 389-35355	All Products	TX/REEVES	RI	0.16669518

Legal Description:

964.38 ACRES, ALL OF SEC 40, BLK 56 T2, T&PRR CO SVY, A-2527 AND N/2 OF SEC 45, BLK 56 T2, T&PRR CO SVY, A-598, REEVES COUNTY, TEXAS.

*Failure to furnish your Social Security/Tax ID number will result in withholding tax in accordance with federal law and any tax withheld will not be refundable by payor.
** All individual parties must complete and return the enclosed W9 to ensure proper payment. Additional forms may be obtained at www.irs.gov

Please return to:
Anadarko E&P Onshore LLC
P.O. BOX 1330
HOUSTON, TX 77251-9874
1-800-359-1692

Date Prepared: June 29, 2017
Prepared By: SARAH HALL
Suspense Flag: N



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 6, 2017

Sarah Hall
Division Order Analyst
Anadarko E&P Onshore LLC
P.O. Box 1330
Houston, TX 77251-9874

Re: State Lease No. MF114908 Yeti State 56-2 45 Unit 1H

Dear Mrs. Hall:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

12.

File No. MF114908

____ County

Division Order

Date Filed: 10-9-17

George P. Bush, Commissioner
By VH



Shut-In Affidavit

Texas General Land Office
George P. Bush, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495

Please respond fully to all applicable questions on this affidavit. Shut-in status may be denied for failure to provide information establishing the validity of this request for shut-in status. For a shut-in lease contained within a unit; separate affidavits must be submitted for each state lease within the unit.

State Lease No. MF 114908		Operator Anadarko E&P Onshore LLC	
Lease Name Yeti State 56-2-45 Unit 1H		Field Name Phantom	
Area	Tract	Part	Acres .643.03
Section 40	Block 56 T2	Survey T&P RR Co	County Reeves
State's NRI in Lease: 1/4 Royalty on Shut-in Lease			
Unit Name (if applicable) Yeti State 56-2-45 Unit 1H		State's Unit NRI (if applicable) 16.666666%	
Total Shut-In Due: \$6430.30		Explain how payment was calculated: The annual rental dictated on the lease is \$10/net acre multiplied by 643.03 acres requires a payment of \$6,430.30 payment due.	
SHUT-IN PAYMENTS		Wells must be capable of producing in paying quantities. TAC, Title 31, Part 1, Chapter 9, Subchapter C, Rule 9.36, (e). Affidavit required.	

Reason for Shut-In – Be Specific—(Add page as needed)

The well was completed during primary term of the State's lease. The well is currently shut in waiting on pipeline facility construction to be completed and completion is expected to occur after the expiration of the primary term.

Explain when and how shut-in is expected to be resolved (Add page as needed)

Construction on the facilities and pipelines are currently in progress with an expected December 2018 finish date at which point the well will be turned back on.

Add Pages as need for additional wells.

WELL INFORMATION			
☒ OIL ☐ GAS	Well Name: Yeti State 56-2-45 Unit 1H	API: 4238935355	RRC: Dist#-Lease# 08
Produced in Past: ☒ Yes ☐ No	Completion Date: 6/25/2017	Shut-In Date: 7/05/2017	
Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data.			
Basis for production report of average: ☒ Well Test ☐ Monthly Average ☐ RRC Well Test			
GAS 4797	mcf/d	OIL 960	bbls/d
		WATER 5568	bbls/d

☐ OIL ☐ GAS	Well Name:	API:	RRC: Dist#-Lease#
Produced in Past: ☐ Yes ☐ No	Completion Date:	Shut-In Date:	
Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data.			
Basis for production report of average: ☐ Well Test ☐ Monthly Average ☐ RRC Well Test			
GAS	mcf/d	OIL	bbls/d
		WATER	bbls/d

☐ OIL ☐ GAS	Well Name:	API:	RRC: Dist#-Lease#
Produced in Past: ☐ Yes ☐ No	Completion Date:	Shut-In Date:	
Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data.			
Basis for production report of average: ☐ Well Test ☐ Monthly Average ☐ RRC Well Test			
GAS	mcf/d	OIL	bbls/d
		WATER	bbls/d

☐ OIL ☐ GAS	Well Name:	API:	RRC: Dist#-Lease#
Produced in Past: ☐ Yes ☐ No	Completion Date:	Shut-In Date:	
Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data.			
Basis for production report of average: ☐ Well Test ☐ Monthly Average ☐ RRC Well Test			
GAS	mcf/d	OIL	bbls/d
		WATER	bbls/d

List all producing wells in the same Railroad Commission designated field and Reservoir within 1,000 feet of this lease. If there are wells more than 1,000 feet from the lease, draining the lease, list these also.

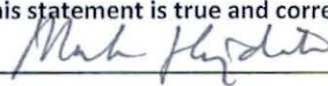
Operator	Lease Name & Well #	API	RRC: Dist#-Lease#
RRC Field & Reservoir Name:		RRC Field Code:	
Distance	Completion Interval	Status	

Operator	Lease Name & Well #	API	RRC: Dist#-Lease#
RRC Field & Reservoir Name:		RRC Field Code:	
Distance	Completion Interval	Status	

Operator	Lease Name & Well #	API	RRC: Dist#-Lease#
RRC Field & Reservoir Name:		RRC Field Code:	
Distance	Completion Interval	Status	

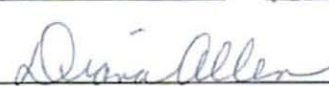
Contact for Shut-in: Mark Hajdik
 Operator's Representative
 Phone: 432-247-3469 Email: mark.hajdik@anadarko.com

I certify that this statement is true and correct.

Signature:  Print Name: Mark Hajdik

Title: Landman

Sworn and subscribed to before me, the undersigned authority this 19 day of March, 2018.


 Notary Public in and for Midland County, State of Texas

Revised 1/20/2016

ANADARKO E&P ONSHORE LLC

18708254

STATE OF TEXAS
1700 N CONGRESS AVENUE
AUSTIN, TX 78701

INSTRUCTIONS TO PAYEE:

In as much as the canceled check serves as our PAYMENT receipt, please cash the check immediately upon receipt.

INSTRUCTIONS TO DEPOSITORY:

In case of any difficulty, promptly communicate with the rental section of Land Administration of this company at 1-800-359-1692 Option 5, explaining the circumstances and further instructions will be given.

Lease Number: 1366468000

DEPOSIT TO THE CREDIT OF	BA NUMBER	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	LA47001803	Mar-05-2018	50023738	***\$6,430.30*

121

Safeguard LITHO USA SP-04 C075H4140

DETACH STUB AND RETAIN FOR YOUR RECORDS

DOCUMENT INCLUDES VISIBLE FIBERS, CHEMICAL REACTIVE PROPERTIES AND FEATURES A FOIL HOLOGRAM

18708254

ANADARKO E&P ONSHORE LLC

JPMorgan Chase Bank, N.A.
Dearborn, MI74-1292
724

LEASE NUMBER 1366468000	LEASE DATE 04-02-2013	MONTHS PAID FOR 12	FOR PERIOD BEGINNING 04-01-2018	ACRES PAID FOR 643.03	LESSOR REFERENCE
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Shut-In Royalty
BOOK: 1005 PAGE: 447 REC #: 13-04024
Reeves TX

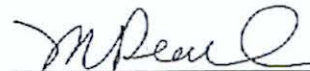
ST TX M-114908 (PSL)

CHECK NO.	50023738
CHECK DATE	03-05-2018

PAY EXACTLY **\$6,430dols30cts**

AMOUNT	***\$6,430.30*
--------	----------------

PAY TO THE ORDER OF:
STATE OF TEXAS
1700 N CONGRESS AVENUE
AUSTIN, TX 78701



AUTHORIZED REPRESENTATIVE(S) OF THE COMPANY

TRUE WATERMARK PAPER - HOLD TO LIGHT TO VIEW

PAPER CONTAINS TONER ADHESION PROPERTIES

HEAT SENSITIVE RED IMAGE DISAPPEARS WITH HEAT

⑈ 50023738 ⑈

File No. MF 114908
Shut-in affidavit County
+ payment
Date Filed: 3/20/18
George P. Bush, Commissioner
By SSD

3-13-18



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 20, 2018

Mr. Mark Hajdik
Anadarko E&P Onshore LLC
6 Desta Drive, Suite 1800
Midland, TX 79710

Re: **State Lease MF114908** – State Fee
643.03 acres in Section 40, Block 56, Township 2, T&P RR Co. Survey, A-2527 and A-5972,
Reeves County, Texas
Shut-In: Yeti State 56-2-45 Unit 1H, API 42-389-35355

Dear Mr. Hajdik,

This acknowledges receipt of shut-in payment in the total amount of \$6,430.30 for the subject shut-in well by the Texas General Land Office on March 13, 2018.

The Shut-In Royalty Committee has accepted the shut-in payment on behalf of the GLO and this shut-in is valid until the shut-in anniversary date of April 2, 2019.

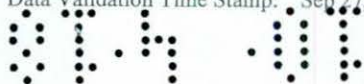
Please notify us when the well returns to production.

Yours truly,

Susan Draughn, Landman
Energy Resources/ Mineral Leasing
Direct: 512.463.6521 / Email: susan.draughn@glo.texas.gov
Website: www.glo.texas.gov

File No. MF114908
letter accepting County
shut-in
Date Filed: 3/20/18
George P. Bush, Commissioner
By SSD

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

Page 3 of 5

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845122	DATE PERMIT ISSUED OR AMENDED Sep 27, 2018	DISTRICT * 08										
API NUMBER 42-389-37609	FORM W-1 RECEIVED Sep 27, 2018	COUNTY REEVES										
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38										
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		020528 NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 2H										
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 11500										
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO												
DISTANCE TO SURVEY LINES 2250 ft. SOUTH 1840 ft. WEST		DISTANCE TO NEAREST LEASE LINE 200 ft.										
DISTANCE TO LEASE LINES 2250 ft. SOUTH 1840 ft. WEST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below										
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *												
<table style="width:100%; border: none;"> <tr> <td style="width:60%;">FIELD NAME</td> <td style="width:10%;">ACRES</td> <td style="width:10%;">DEPTH</td> <td style="width:10%;">WELL #</td> <td style="width:10%;">DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table>			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE		NEAREST WE	
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.												



Railroad Commission of Texas

PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

CONDITIONS AND INSTRUCTIONS

Permit Invalidation. It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

Notice Requirements. Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

Permit expiration. This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

Drilling Permit Number. The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

Rule 37 Exception Permits. This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

Before Drilling

Fresh Water Sand Protection. The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

Accessing the Well Site. If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

Water Transport to Well Site. If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

*NOTIFICATION

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

During Drilling

Permit at Drilling Site. A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

***Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown the on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

***Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

Completion and Plugging Reports

Hydraulic Fracture Stimulation using Diesel Fuel: Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

Producing Well. Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within thirty (30) days after completion of the well or within ninety (90) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s (if required) must be submitted with no double assignment of acreage.

Dry or Noncommercial Hole. Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

Intention to Plug. The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

***Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Texas Commission on Environmental Quality letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE
(512) 463-6751

MAIL:
PO Box 12967
Austin, Texas, 78711-2967



**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

API No. <u>42-389-37609</u> Drilling Permit # <u>845122</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. 020528		2. Operator's Name (as shown on form P-5, Organization Report) ANADARKO E&P ONSHORE LLC		3. Operator Address (include street, city, state, zip): ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		
4. Lease Name YETI STATE 56-2-45 UNIT		5. Well No. 2H				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes):						
☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes):						
☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth 11500		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. 08		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>4.29</u> miles in a <u>SE</u> direction from <u>ORLA</u> which is the nearest town in the county of the well site.						
15. Section 45	16. Block 56 T2	17. Survey T&P RR CO	18. Abstract No. A-598	19. Distance to nearest lease line: 200 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 964.38	
21. Lease Perpendiculars: <u>2250</u> ft from the <u>SOUTH</u> line and <u>1840</u> ft from the <u>WEST</u> line.		22. Survey Perpendiculars: <u>2250</u> ft from the <u>SOUTH</u> line and <u>1840</u> ft from the <u>WEST</u> line.				
23. Is this a pooled unit? ☒ Yes ☐ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	10500	718.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [FILER Sep 27, 2018 10:51 AM]: Anadarko owns or controls the development rights for the off lease penetration point and waives notice requirements. H-9 will be filed with the Dist 08 office upon permit approval.; [RRC STAFF Sep 27, 2018 11:05 AM]: Operator comments: PENETRATION POINT & FIRST TAKE POINT ARE LOCATED IN SEC 45			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. Betsy Luna, Staff Regulatory Analyst Name of filer <u>(432)2473623</u> Phone Sep 27, 2018 Date submitted <u>betsy.luna@anadarko.com</u> E-mail Address (OPTIONAL)			
RRC Use Only			Data Validation Time Stamp: Sep 27, 2018 1:57 PM(Current Version)			

Permit Status: **Approved**

*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H

07/2004

Supplemental Horizontal Well Information

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Permit # **845122**

Approved Date: **Sep 27, 2018**

1. RRC Operator No. 020528	2. Operator's Name (exactly as shown on form P-5, Organization Report) ANADARKO E&P ONSHORE LLC	3. Lease Name YETI STATE 56-2-45 UNIT	4. Well No. 2H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 40	7. Block 56 T2	8. Survey T&P RR CO / WILMETH, MRS M	9. Abstract 2527
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 60 ft. from the NORTH line. and 1100 ft. from the WEST line			
12. Terminus Survey Line Perpendiculars 60 ft. from the NORTH line. and 1100 ft. from the WEST line			
13. Penetration Point Lease Line Perpendiculars 2250 ft. from the SOUTH line. and 1400 ft. from the WEST line			

**CERTIFICATE OF
POOLING AUTHORITY**

Revised 05/2001

P-12

1. Field Name(s) Phantom (Wolfcamp)	2. Lease/ID Number (if assigned)	3. RRC District Number 08
4. Operator Name Anadarko E&P Onshore LLC	5. Operator P-5 Number 020528	6. Well Number 2H
7. Pooled Unit Name Yeti State 56-2-45 Unit	8. API Number	9. Purpose of Filing ☒ Drilling Permit (W-1) ☐ Completion Report
10. County Reeves	11. Total acres in pooled unit 964.38	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/ IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1	State of Texas	643.03	☐	☐
2	Chevron U.S.A. Inc	321.35	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

Betsy Luna
Signature

Betsy Luna

Print Name

Staff Regulatory Analyst

09/26/2018

432-247-3623

Title

E-mail (if available)

Date

Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

- When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
- The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
- If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
- If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
- If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
- Identify the drill site tract with an * to the left of the tract identifier.
- The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form P-16

Page 1

Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

Operator Name: Anadarko E&P Onshore LLC	Operator P-5 No.: 020528
Operator Address: Po Box 1330 Houston, TX 77251-1330	

SECTION II. WELL INFORMATION

District No.: 08	County: REEVES	Purpose of Filing: ☒ Drilling Permit Application (Form W-1) ☐ Completion Report (Form G-1/W-2)
Well No.: 2H	API No.: PENDING	
Total Lease Acres: 964.38	Drilling Permit No.:	
Lease Name: YETI STATE 56-2-45 UNIT	Lease No.:	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER

[illegible]

Total Well Count >

2

< A. Total Assigned Horiz. Acreage

680

< C. Total Assigned Acreage

< Total Remaining Horiz. Acreage

384.38

< **Total Remaining Acreage**

< B. Total Assigned Vert./Dir. Acreage

< Total Remaining Vert./Dir. Acreage

SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)

Permitting the second well on this lease in this field. Acres to be reallocated with completion.

Attach Additional Pages As Needed.

No additional pages

☐ Additional Pages: _____ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Betsy Luna
Signature

Signature

Betsy Luna, Staff Regulatory Analyst

Name and title (type or print)

Email (include email address *only* if you affirmatively consent to its public release)

Po Box 1330

Houston TX

77251-1330

432

247-3623

09/26/2018

Address

City,

State,

Zip Code

Tel: Area Code

Number

Date: mo. day yr.





NATURE OF WORK WELL LOCATION STAKING

DATE 08-22-18

SRID NO. 12988

PROJECT YETI STATE 56-2-45 UNIT 2H

JOB OR AFE NO. 2146066.PDE

SEC. 40, 45

BLK OR RANGE 56

TWP 2

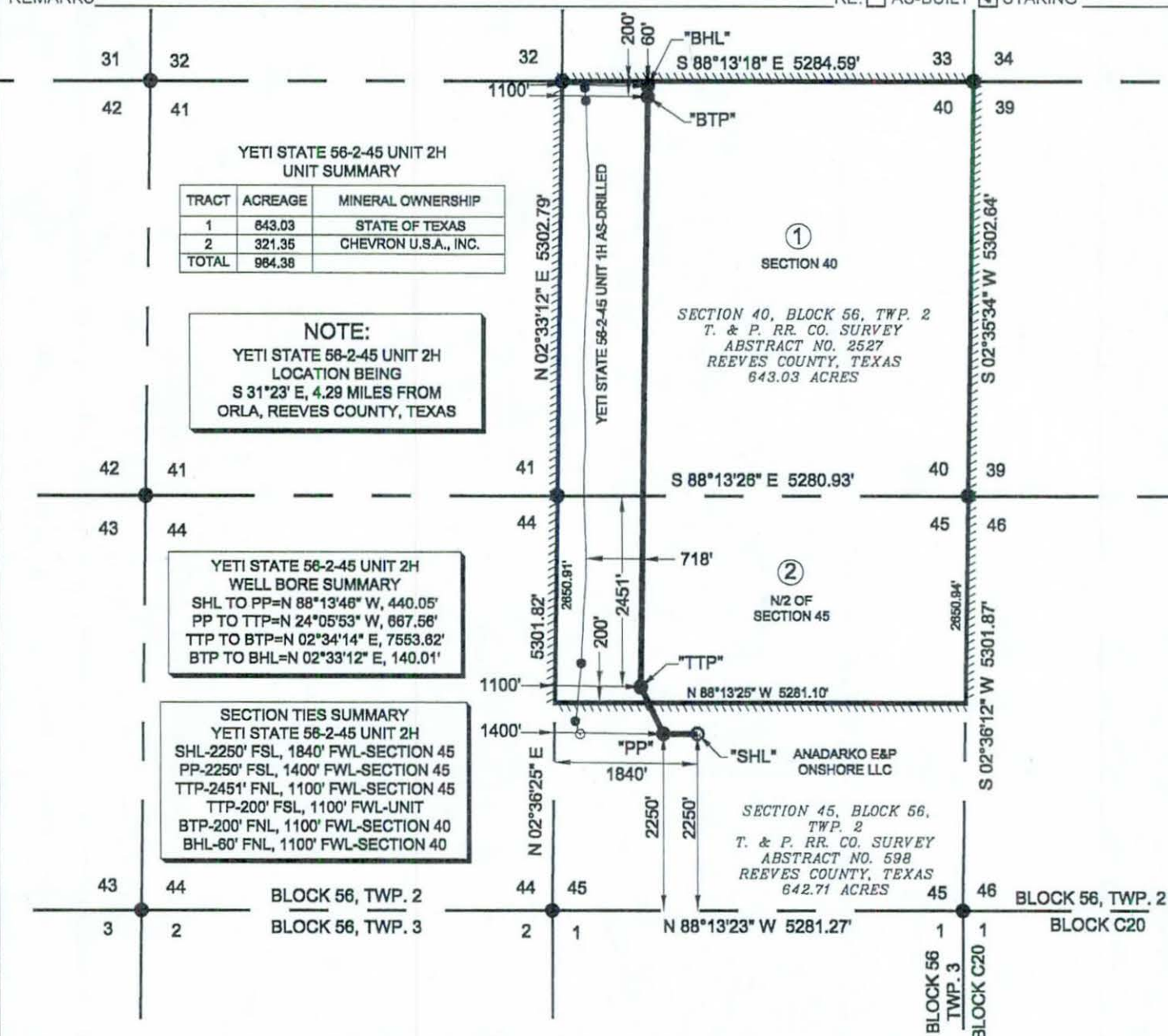
SURVEY

T. & P. RR. CO.

CO. REEVES

STATE TEXAS

REMARKS

RE: ☐ AS-BUILT ☒ STAKING

STATE PLANE COORDINATE DATUM

NAD 27 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 2H SHL (ELEV.=2872.40')

X = 901537.80 LAT = 31°46'22.898" N LAT = 31.77302724° N
Y = 783534.20 LONG = -103°52'06.647" W LONG = -103.86851301° W

X = 901097.96 LAT = 31°46'22.894" N LAT = 31.77302618° N
Y = 783547.80 LONG = -103°52'11.744" W LONG = -103.86992896° W

X = 900825.42 LAT = 31°46'28.836" N LAT = 31.77467668° N
Y = 784157.17 LONG = -103°52'15.124" W LONG = -103.87086784° W

X = 901164.34 LAT = 31°47'43.581" N LAT = 31.79543928° N
Y = 791702.97 LONG = -103°52'13.979" W LONG = -103.87054977° W

X = 901170.58 LAT = 31°47'44.967" N LAT = 31.79582415° N
Y = 791842.85 LONG = -103°52'13.958" W LONG = -103.87054400° W

STATE PLANE COORDINATE DATUM

NAD 83 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 2H SHL (ELEV.=2872.40')

X = 1197999.87 LAT = 31°46'23.355" N LAT = 31.77315417° N
Y = 1062611.27 LONG = -103°52'08.339" W LONG = -103.86898302° W

X = 1197560.03 LAT = 31°46'23.351" N LAT = 31.77315311° N
Y = 10626124.87 LONG = -103°52'13.436" W LONG = -103.87039903° W

X = 1197287.47 LAT = 31°46'29.293" N LAT = 31.77480358° N
Y = 10626734.25 LONG = -103°52'16.817" W LONG = -103.87133799° W

X = 1197626.25 LAT = 31°47'44.034" N LAT = 31.79556605° N
Y = 10634280.26 LONG = -103°52'15.674" W LONG = -103.87102048° W

X = 1197632.49 LAT = 31°47'45.423" N LAT = 31.79595092° N
Y = 10634420.14 LONG = -103°52'15.653" W LONG = -103.87101472° W

Plat Notes

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "MATE 3" (N: 10621798.59, E: 1188264.10) WHERE THE CONVERGENCE ANGLE IS -1° 50' 13.1" AND THE COMBINED SCALE FACTOR IS 0.99983126. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED UNDER THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 08-22-17 DATE SURVEYED 08-20-18 DRAFT ST

JOB NO. 1808116 FIELD BOOK V. RF-8, P. 3 REV. 0

FILE 1808116 YETI STATE 56-2-45 UNIT 2H RRC PERMIT PLAT

2000' 0' 2000' 4000'

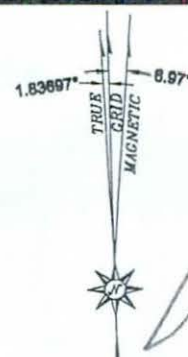
TRANSGLOBAL
SERVICES LLC

TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE WELL PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

TIMOTHY A. NOLD TEXAS R.P.L.S. NO. 5658

DATE



MAGNETIC NORTH IS CURRENT AS OF 08/20/2018.
MAGNETIC NORTH CHANGES WEST 0.10° PER YEAR.





GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Groundwater Advisory Unit

Date Issued: 21 September 2018

GAU Number: 208742

Attention: ANADARKO E&P ONSHORE
ATTN FRANK A. DAVIS
HOUSTON, TX 77251

Operator No.: 020528

API Number:
County: REEVES
Lease Name: YETI STATE 56-2-45 UNIT
Lease Number:
Well Number: 2H
Total Vertical Depth: 11500
Latitude: 31.773027
Longitude: -103.868513
Datum: NAD27

Purpose: New Production Well

Location: Survey-T&P RR CO; Abstract-598; Block-56; Township-2; Section-45

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 500 to 950 feet must be protected.

This recommendation is applicable to all wells within a radius of 2000 feet of this location.

Please send a Gamma and Porosity log of this well, from the land surface to a depth of at least 2000 feet, when it is available.

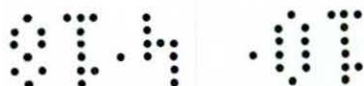
YETI STATE 56-2-45 UNIT 2H, 3H & 4H WELLS

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 09/14/2018. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Submitted
Date: 09/14/2018
GAU No.: 208742
Version: 1
Pymt Trace No: 455RM002N371GAL

GROUND WATER APPLICATION REPORT

PREPARER INFORMATION			
Preparer Name:	Betsy Luna	Phone Number:	432-247-3623
E-mail Address:	betsy.luna@anadarko.com	Fax Number:	
FILING INFORMATION			
Reason for Filing:	New Production Well	Expedite:	Y
API Number:		Previous GAU No. for this Well:	
Areal Extent:	Section	Radius:	DP Number:
OPERATOR INFORMATION			
Operator Name:	ANADARKO E&P ONSHORE LLC	Operator Number:	020528
Address Line 1:	ATTN FRANK A. DAVIS		
Address Line 2:	PO BOX 1330	City:	HOUSTON
State:	TX	Zip Code:	77251
WELL IDENTIFICATION INFORMATION			
County:	REEVES	District:	08
		Lease ID:	
Lease Name:	YETI STATE 56-2-45 UNIT	Well Number:	2H
Alternate Well ID:			
GPS COORDINATES INFORMATION			
NAD:	83	State Plane Zone:	
Latitude Degrees:		Longitude Degrees:	
Latitude Minutes:		Longitude Minutes:	
Latitude Seconds:		Longitude Seconds:	
Decimal Degrees Latitude:	31.773154	Decimal Degrees Longitude:	-103.868983
State Plane X-Coordinate:		State Plane Y-Coordinate:	
SURVEY INFORMATION			
Survey Name:	T & P RR CO.	Abstract Number:	598
Block:	56	Township:	2
		Section:	45
Tract:		Lot:	
		League:	
Labor:		Porcion:	
		Share:	
REFERENCE LINES INFORMATION			
Reference Line:	Section		
First Distance:	2250	First Direction:	SOUTH
Second Distance:	1840	Second Direction:	WEST
ADDITIONAL INFORMATION			
Elevation:	2872		
Total Vertical Depth:	11500		
Formation at Total Vertical Depth:	WOLFCAMP		
Remarks:			



**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

Status: SUBMITTED

Date: 09/28/2018

Application ID: 39841

Version No.: 1

Payment Trace No.:

455RM002ORIHDIQ

STATEWIDE RULE 13 EXCEPTION APPLICATION**PREPARER INFORMATION**

Preparer Name: Betsy Luna Phone Number: 432-2473623
E-mail: betsy.luna@anadarko.com Fax Number:

FILING INFORMATION

GW-1 Application ID: 208742 GAU Areal Extent: SECTION Radius: 0
API Number: 38937609 Drilling Permit Number: 845122 DP Effective Date: 09/27/2018
Is this a Tubing Exception Only NO Is this a First Time Tubing NO
Is this an area-wide NO Associated SWR13E application:

OPERATOR INFORMATION

Operator Name: ANADARKO E&P ONSHORE LLC Operator No.: 20528
Address Line 1: ATTN FRANK A. DAVIS
Address Line 2: PO BOX 1330 City: HOUSTON
State: TX Postal Code: 77251

WELL IDENTIFICATION INFORMATION

Field Name: PHANTOM (WOLFCAMP)
County: REEVES District: 08 Well Number: 2H
Lease Name: YETI STATE 56-2-45 UNIT

GPS COORDINATES INFORMATION

NAD: NAD 83 Format: Decimal Degrees State Plane Zone:
Latitude Degrees: Longitude Degrees:
Latitude Minutes: Longitude Minutes:
Latitude Seconds: Longitude Seconds:
Decimal Degrees Latitude: 31.773154 Decimal Degrees Longitude: -103.868983
State Plane X-Coordinate: State Plane Y-Coordinate:

SURVEY INFORMATION

Survey Name: T&P RR CO Abstract No.: 598
Block: 56 T2 Township: 2 Section: 45
Tract: Lot: League:
Labor: Porcion: Share:

REFERENCE LINES INFORMATION

Reference Line: Survey
First Distance: 2250 First Direction: SOUTH
Second Distance: 1840 Second Direction: WEST

ADDITIONAL INFORMATION

Nearest Town: ORLA Distance to Nearest Town: 4.29 Direction to Nearest Town: SE
Total Vertical Depth: 11500 Measured Depth: 20000

APPLICATION INFORMATION

Application ID: 39841

Operator Name: ANADARKO E&P ONSHORE LLC

Well Number: 2H

Lease Name: YETI STATE 56-2-45 UNIT

REQUEST INFORMATIONReason for this Request:☐

Economic

☒

Technical

☐

Other

Additional Information for Other Reason for this Request:

Is this a proposed injection or disposal well? NO

Is this a Minimum Separation well? NO

Are there any water wells within 1/4 mile of this proposed well location?

NO

Are there any INJECTION or DISPOSAL wells within 1/4 mile of the proposed well location?

NO

Have there been any blowouts within one mile of this wellsite ?

NO

WATER WELLS**INJECTION OR DISPOSAL WELLS****BLOWOUTS**

APPLICATION INFORMATION

Application ID: 39841

Operator Name: ANADARKO E&P ONSHORE LLC

Well Number: 2H

Lease Name: YETI STATE 56-2-45 UNIT

REQUEST INFORMATION

Has the well drilled and completed?

NO

Completion Tracking Number:

Remarks for the Application:

submitting applications for 3 well pad: Yeti State 56-2-45 Unit 2H/3H/4H

GAU INFORMATION

GAU Areal Extent: SECTION

Radius Distance: 0

Base of Usable Quality Water (feet, determined by GAU): 950

Separation Points:

GAU Recommendation Statements:

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 500 to 950 feet must be protected.

This recommendation is applicable to all wells within a radius of 2000 feet of this location.

Please send a Gamma and Porosity log of this well, from the land surface to a depth of at least 2000 feet, when it is available.



APPLICATION INFORMATION

Application ID:	39841	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	2H	Lease Name:	YETI STATE 56-2-45 UNIT

Application ID:	39841	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	2H	Lease Name:	YETI STATE 56-2-45 UNIT

Well Number:	2H	Lease Name:	YETI STATE 56-2-45 UNIT
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Well Number:	2H	Lease Name:	YETI STATE 56-2-45 UNIT
--------------	----	-------------	-------------------------

EXCEPTION INFORMATION	
Exception Code	00000000
Exception Address	00000000
Exception Data	00000000
Exception Type	00000000
Exception Source	00000000
Exception Target	00000000
Exception Detail	00000000
Exception Context	00000000
Exception Status	00000000
Exception Action	00000000
Exception Comment	00000000
Exception Log	00000000
Exception Trace	00000000
Exception History	00000000
Exception Summary	00000000
Exception Footer	00000000

Exception Request:

☐ Short Surface Casing ☒ Excess Surface Casing ☐ Single-string ☐ Tubing

Exception Request:

☐ Short Surface Casing ☒ Excess Surface Casing ☐ Single-string ☐ Tubing

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Exception Request:

☐ Short Surface Casing ☒ Excess Surface Casing ☐ Single-string ☐ Tubing



Exception Request:

☐ Short Surface Casing ☒ Excess Surface Casing ☐ Single-string ☐ Tubing

Alternate Program Request:

☒ Drilling Fluid ☐ Non-API Cement ☐ Other



Alternate Program Request:

☒ Drilling Fluid ☐ Non-API Cement ☐ Other



Alternate Program Request:

☒ Drilling Fluid ☐ Non-API Cement ☐ Other



Alternate Program Request:

☒ Drilling Fluid ☐ Non-API Cement ☐ Other

Additional Information for Other Alternate Program Request:

APPLICATION INFORMATION			
Application ID:	39841	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	2H	Lease Name:	YETI STATE 56-2-45 UNIT

PROPOSED CASING AND CEMENTING PROGRAM
--

Conductor Casing							
Hole Size(in.)	Casing O.D.(in.)	Grade	Weight (lb./ft.)	Shoe Setting Depth(ft.)	Multi-Stage Tool Depth(ft.)	No. of Centralizers	Centralizers Placement

Cementing - Conventional									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement									
Lead/Filler Cement									

Slurry Type	Cement Additives
Tail/Critical Cement	
Lead/Filler Cement	

APPLICATION INFORMATION			
Application ID:	39841	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	2H	Lease Name:	YETI STATE 56-2-45 UNIT

PROPOSED CASING AND CEMENTING PROGRAM

Surface Casing							
Hole Size(in.)	Casing O.D.(in.)	Grade	Weight (lb./ft.)	Shoe Setting Depth(ft.)	Multi-Stage Tool Depth(ft.)	No. of Centralizers	Centralizers Placement
12.25	9.625	J-55 BTC	40	3158	1075	18	SHOE,COLLAR,NEXT 3 JTS, EVERY 4TH JT

Tapered Hole Size(in.)	Tapered Casing O.D.(in.)	Tapered Grade	Tapered Weight (lb./ft.)	Tapered Setting Crossover Depth(ft.)

Cementing - Conventional									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement	C	0	194	1.33	1920	2150	632	20	2526
Lead/Filler Cement	C	4.5	490	2.48	267	510	1451	100	1075

Slurry Type	Cement Additives
Tail/Critical Cement	RETARDER, DEFOAMER
Lead/Filler Cement	SODIUM METASILICATE, SODIUM CHLORIDE, DEFOAMER, RETARDER

Cementing - Multi-Stage Tool									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement									
Lead/Filler Cement	C	4.5	548	2.48	267	510	1075	100	0

Slurry Type	Cement Additives
Tail/Critical Cement	
Lead/Filler Cement	SODIUM METASILICATE, SODIUM CHLORIDE, DEFOAMER, RETARDER

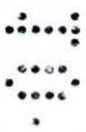
File No. MF114908

Reeves County

Drilling Permit API 389-37609 Unit 8098

Date Filed: 01/11/2019

By gm George P. Bush, Commissioner



RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845136	DATE PERMIT ISSUED OR AMENDED Sep 28, 2018	DISTRICT * 08															
API NUMBER 42-389-37612	FORM W-1 RECEIVED Sep 27, 2018	COUNTY REEVES															
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Vertical, Horizontal	ACRES 964.38															
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581															
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 3H															
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 14000															
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO																	
DISTANCE TO SURVEY LINES 2250 ft. S (OFFLEASE) 1870 ft. W (OFFLEASE)		DISTANCE TO NEAREST LEASE LINE 200 ft.															
DISTANCE TO LEASE LINES 2250 ft. S (OFFLEASE) 1870 ft. W (OFFLEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below															
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *																	
<table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">FIELD NAME LEASE NAME</th> <th style="text-align: center;">ACRES NEAREST LEASE</th> <th style="text-align: center;">DEPTH</th> <th style="text-align: center;">WELL # NEAREST WE</th> <th style="text-align: center;">DIST</th> </tr> </thead> <tbody> <tr> <td>PHANTOM (WOLFCAMP)</td> <td style="text-align: center;">964.38</td> <td style="text-align: center;">10,500</td> <td style="text-align: center;">3H</td> <td style="text-align: center;">08</td> </tr> <tr> <td>YETI STATE 56-2-45 UNIT</td> <td style="text-align: center;">200</td> <td></td> <td style="text-align: center;">770</td> <td></td> </tr> </tbody> </table>			FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH	WELL # NEAREST WE	DIST	PHANTOM (WOLFCAMP)	964.38	10,500	3H	08	YETI STATE 56-2-45 UNIT	200		770	
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH	WELL # NEAREST WE	DIST													
PHANTOM (WOLFCAMP)	964.38	10,500	3H	08													
YETI STATE 56-2-45 UNIT	200		770														
WELLBORE PROFILE(s) FOR FIELD: Vertical, Horizontal																	
RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 2250.0 F S (OFFLEASE) L 1870.0 F W (OFFLEASE) L Terminus Location BH County: REEVES Section: 40 Block: 56 T2 Abstract: 2527 Survey: T&P RR CO/WILMETH, MRS M Lease Lines: 60.0 F NORTH L 1870.0 F WEST L Survey Lines: 60.0 F NORTH L 1870.0 F WEST L																	
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS																	



RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845136	DATE PERMIT ISSUED OR AMENDED Sep 28, 2018	DISTRICT * 08										
API NUMBER 42-389-37612	FORM W-1 RECEIVED Sep 27, 2018	COUNTY REEVES										
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OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 3H										
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 14000										
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO												
DISTANCE TO SURVEY LINES 2250 ft. S (OFFLEASE) 1870 ft. W (OFFLEASE)		DISTANCE TO NEAREST LEASE LINE 200 ft.										
DISTANCE TO LEASE LINES 2250 ft. S (OFFLEASE) 1870 ft. W (OFFLEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below										
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *												
<table border="0"> <tr> <td>FIELD NAME</td> <td>ACRES</td> <td>DEPTH</td> <td>WELL #</td> <td>DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table> This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval, for one or more of the fields approved on this permit, appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE		NEAREST WE	
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

Railroad Commission of Texas

PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

CONDITIONS AND INSTRUCTIONS

Permit Invalidation. It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

Notice Requirements. Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

Permit expiration. This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

Drilling Permit Number. The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

Rule 37 Exception Permits. This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

Before Drilling

Fresh Water Sand Protection. The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

Accessing the Well Site. If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

Water Transport to Well Site. If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

*NOTIFICATION

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

During Drilling

Permit at Drilling Site. A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

***Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.



***Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

Completion and Plugging Reports

Hydraulic Fracture Stimulation using Diesel Fuel: Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground Injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

Producing Well. Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within thirty (30) days after completion of the well or within ninety (90) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s (if required) must be submitted with no double assignment of acreage.

Dry or Noncommercial Hole. Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

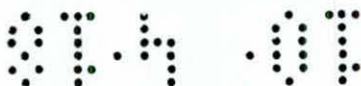
Intention to Plug. The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

***Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Texas Commission on Environmental Quality letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE
(512) 463-6751

MAIL:
PO Box 12967
Austin, Texas, 78711-2967



API No. 42-389-37612		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004	
Drilling Permit # 845136 SWR Exception Case/Docket No.						Permit Status: Approved	
1. RRC Operator No. 020528		2. Operator's Name (as shown on form P-5, Organization Report) ANADARKO E&P ONSHORE LLC			3. Operator Address (include street, city, state, zip): ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		
4. Lease Name YETI STATE 56-2-45 UNIT		5. Well No. 3H					
GENERAL INFORMATION 6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclaim ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): ☒ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack							
8. Total Depth 14000		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No			
SURFACE LOCATION AND ACREAGE INFORMATION 11. RRC District No. 08 12. County REEVES 13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore							
14. This well is to be located 4.29 miles in a SE direction from ORLA which is the nearest town in the county of the well site.							
15. Section 45		16. Block 56 T2		17. Survey T&P RR CO		18. Abstract No. A-598 19. Distance to nearest lease line: 200 ft. 20. Number of contiguous acres in lease, pooled unit, or unitized tract: 964.38	
21. Lease Perpendiculars: 2250 ft from the S (OFFLEASE) line and 1870 ft from the W (OFFLEASE) line.		22. Survey Perpendiculars: 2250 ft from the S (OFFLEASE) line and 1870 ft from the W (OFFLEASE) line.					
23. Is this a pooled unit? ☒ Yes ☐ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No			
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
08	71052900	PHANTOM (WOLFCAMP)		Oil or Gas Well	10500	770.00	3
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks [FILER Sep 27, 2018 3:23 PM]: Anadarko owns or controls the development rights for the off lease penetration point and waives notice requirements. There will be a vertical pilot hole drilled at the surface location, which is off-lease. Per conversation with RRC drilling permits staff, this will be treated as an off-lease PoP and a second plat will not be required. Form H-9 will be filed with the District 08 office upon permit approval.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge.			
RRC Use Only				Betsy Luna, Staff Regulatory Analyst Sep 27, 2018 Name of filer Date submitted (432)2473623 betsy.luna@anadarko.com Phone E-mail Address (OPTIONAL)			
Data Validation Time Stamp: Sep 28, 2018 7:44 AM(Current Version)							

Permit Status: **Approved**

*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H

07/2004

Supplemental Horizontal Well Information

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Permit # **845136**

Approved Date: **Sep 28, 2018**

1. RRC Operator No. 020528	2. Operator's Name (exactly as shown on form P-5, Organization Report) ANADARKO E&P ONSHORE LLC	3. Lease Name YETI STATE 56-2-45 UNIT	4. Well No. 3H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 40	7. Block 56 T2	8. Survey T&P RR CO/WILMETH, MRS M	9. Abstract 2527
		10. County of BHL REEVES	
11. Terminus Lease Line Perpendiculars 60 ft. from the NORTH line. and 1870 ft. from the WEST line			
12. Terminus Survey Line Perpendiculars 60 ft. from the NORTH line. and 1870 ft. from the WEST line			
13. Penetration Point Lease Line Perpendiculars 2250 ft. from the S (offlease) line. and 1870 ft. from the W (offlease) line			

CERTIFICATE OF POOLING AUTHORITY

Revised 05/2001

P-12

1. Field Name(s) PHANTOM (WOLFCAMP)	2. Lease/ID Number (if assigned)	3. RRC District Number 08
4. Operator Name Anadarko E&P Onshore LLC	5. Operator P-5 Number 020528	6. Well Number 3H
7. Pooled Unit Name Yeti State 56-2-45 Unit	8. API Number	9. Purpose of Filing ☒ Drilling Permit (W-1) ☐ Completion Report
10. County Reeves	11. Total acres in pooled unit 964.38	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1	State of Texas	643.03	☐	☐
2	Chevron U.S.A. Inc	321.35	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

Betsy Luna
Signature

Betsy Luna

Print Name

Staff Regulatory Analyst

09/26/2018

432-247-3623

Title

E-mail (if available)

Date

Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

- When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
- The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
- If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
- If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
- If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
- Identify the drill site tract with an * to the left of the tract identifier.
- The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form P-16

Page 1

Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

Operator Name: Anadarko E&P Onshore LLC	Operator P-5 No.: 020528
Operator Address: Po Box 1330 Houston, TX 77251-1330	

SECTION II. WELL INFORMATION

District No.: 08	County: REEVES	Purpose of Filing: ☒ Drilling Permit Application (Form W-1) ☐ Completion Report (Form G-1/W-2)
Well No.: 3H	API No.: PENDING	
Total Lease Acres: 964.38	Drilling Permit No.:	
Lease Name: YETI STATE 56-2-45 UNIT	Lease No.:	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER

[illegible]

Total Well Count >	3	< A. Total Assigned Horiz. Acreage	720	< C. Total Assigned Acreage
		< Total Remaining Horiz. Acreage	244.38	< Total Remaining Acreage
		< B. Total Assigned Vert./Dir. Acreage		
		< Total Remaining Vert./Dir. Acreage		

SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)

Permitting the third well on this lease in this field. Acres to be reallocated with completion.

Attach Additional Pages As Needed.

☐ No additional pages☐ Additional Pages: _____ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Signature Betsy Loner

Betsy Luna, Staff Regulatory Analyst

Name and title (type or print)

Email (include email address *only* if you affirmatively consent to its public release)

Po Box 1330

Houston TX 77251-1330

432 247-3623 09/27/2018

Address

City, State, Zip Code

Tel: Area Code	Number	Date: mo. day yr.
----------------	--------	-------------------



ANADARKO E&P ONSHORE LLC

SHEET NO. 1 OF 1

NATURE OF WORK WELL LOCATION STAKING

DATE 09-12-18

SRID NO. 12988

PROJECT- YETI STATE 56-2-45 UNIT 3H

JOB OR AFE NO. 2146067.PDE

SEC. 40, 45

BLK OR RANGE 56

TWP 2

SURVEY

T. & P. RR. CO.

CO. REEVES

STATE TEXAS

REMARKS

RE: ☐ AS-BUILT ☒ STAKINGYETI STATE 56-2-45 UNIT 3H
UNIT SUMMARY

TRACT	ACREAGE	MINERAL OWNERSHIP
1	843.03	STATE OF TEXAS
2	321.35	CHEVRON U.S.A., INC.
TOTAL	964.38	

NOTE:

YETI STATE 56-2-45 UNIT 3H
LOCATION BEING
S 31°27' E, 4.29 MILES FROM
ORLA, REEVES COUNTY, TEXAS

YETI STATE 56-2-45 UNIT 3H
WELL BORE SUMMARY

SHL/PP TO TTP=N 02°36'32" E, 600.70'
TTP TO BTP=N 02°34'14" E, 7553.61'
BTP TO BHL=N 02°33'12" E, 140.01'

SECTION TIES SUMMARY

YETI STATE 56-2-45 UNIT 3H
SHL/PP-2250' FSL, 1870' FWL-SECTION 45
TTP-2451' FNL, 1870' FWL-SECTION 45
TTP-200' FSL, 1870' FWL-UNIT
BTP-200' FNL, 1870' FWL-SECTION 40
BHL-60' FNL, 1870' FWL-SECTION 40

BLOCK 56, TWP. 2

BLOCK 56, TWP. 3

SECTION 40

SECTION 40, BLOCK 56,
TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 2527
REEVES COUNTY, TEXAS
643.03 ACRES

②

N/2 OF
SECTION 45

"TTP"
N 88°13'25" W 5281.10'

ANADARKO E&P
ONSHORE LLC

SECTION 45, BLOCK 56,
TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 598
REEVES COUNTY, TEXAS
642.71 ACRES

N 88°13'23" W 5281.27'

BLOCK 56, TWP. 2

BLOCK C20

STATE PLANE COORDINATE DATUM
NAD 27 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 3H SHL/PP (ELEV.=2871.91')

X = 901567.77 LAT = 31°46'22.898" N LAT = 31.77302713° N
Y = 783533.21 LONG = -103°52'05.299" W LONG = -103.86841652° W
YETI STATE 56-2-45 UNIT 3H TTP
X = 901595.12 LAT = 31°46'28.842" N LAT = 31.77467825° N
Y = 784133.26 LONG = -103°52'05.204" W LONG = -103.86838991° W
YETI STATE 56-2-45 UNIT 3H BTP
X = 901934.02 LAT = 31°47'43.587" N LAT = 31.79544087° N
Y = 791679.08 LONG = -103°52'05.057" W LONG = -103.86807133° W
YETI STATE 56-2-45 UNIT 3H BHL
X = 901940.27 LAT = 31°47'44.973" N LAT = 31.79582572° N
Y = 791818.95 LONG = -103°52'05.036" W LONG = -103.86806555° W

STATE PLANE COORDINATE DATUM
NAD 83 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 3H SHL/PP (ELEV.=2871.91')

X = 1198029.84 LAT = 31°46'23.355" N LAT = 31.77315407° N
Y = 10626110.28 LONG = -103°52'07.992" W LONG = -103.86886653° W
YETI STATE 56-2-45 UNIT 3H TTP
X = 1198057.18 LAT = 31°46'29.299" N LAT = 31.77480517° N
Y = 10626710.35 LONG = -103°52'07.896" W LONG = -103.86885996° W
YETI STATE 56-2-45 UNIT 3H BTP
X = 1198395.95 LAT = 31°47'44.044" N LAT = 31.79556766° N
Y = 10634256.37 LONG = -103°52'06.751" W LONG = -103.86854194° W
YETI STATE 56-2-45 UNIT 3H BHL
X = 1198402.19 LAT = 31°47'45.429" N LAT = 31.79595250° N
Y = 10634396.24 LONG = -103°52'06.730" W LONG = -103.86853617° W

Plot Notes

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "MATE 3" (N: 10621798.59, E: 1188264.10) WHERE THE CONVERGENCE ANGLE IS -1° 50' 13.1" AND THE COMBINED SCALE FACTOR IS 0.99983126. ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 09-12-18 DATE SURVEYED 08-20-18 DRAFT JEB

JOB NO. 1808118 FIELD BOOK V. RF-8, P. 3 REV. 1

FILE 1808118 YETI STATE 56-2-45 UNIT 3H RRC PERMIT PLAT

2000' 0' 2000' 4000'

MAGNETIC NORTH IS CURRENT AS OF 08/20/2018.
MAGNETIC NORTH CHANGES WEST 0.10° PER YEAR.TRANSGLOBAL
SERVICES LLC

TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE WELL PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

TIMOTHY A. NOLD TEXAS R.P.L.S. NO. 5658

DATE

1,83697" 6.97"

TRUE
MAGNETIC



GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Groundwater Advisory Unit

Date Issued: 21 September 2018

GAU Number: 208742

Attention: ANADARKO E&P ONSHORE
ATTN FRANK A. DAVIS
HOUSTON, TX 77251

API Number:
County: REEVES
Lease Name: YETI STATE 56-2-45 UNIT
Lease Number:
Well Number: 2H
Total Vertical Depth: 11500
Latitude: 31.773027
Longitude: -103.868513
Datum: NAD27

Operator No.: 020528

Purpose: New Production Well

Location: Survey-T&P RR CO; Abstract-598; Block-56; Township-2; Section-45

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 500 to 950 feet must be protected.

This recommendation is applicable to all wells within a radius of 2000 feet of this location.

Please send a Gamma and Porosity log of this well, from the land surface to a depth of at least 2000 feet, when it is available.

YETI STATE 56-2-45 UNIT 2H, 3H & 4H WELLS

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 09/14/2018. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2
Rev. 02/2014

P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Submitted
Date: 09/14/2018
GAU No.: 208742
Version: 1
Pymt Trace No: 455RM002N371GAL

GROUND WATER APPLICATION REPORT

PREPARER INFORMATION				
Preparer Name:	Betsy Luna	Phone Number:	432-247-3623	
E-mail Address:	betsy.luna@anadarko.com	Fax Number:		
FILING INFORMATION				
Reason for Filing:	New Production Well	Expedite:	Y	
API Number:	Previous GAU No. for this Well:			
Areal Extent:	Section	Radius:	DP Number:	
OPERATOR INFORMATION				
Operator Name:	ANADARKO E&P ONSHORE LLC	Operator Number:	020528	
Address Line 1:	ATTN FRANK A. DAVIS			
Address Line 2:	PO BOX 1330	City:	HOUSTON	
State:	TX	Zip Code:	77251	
WELL IDENTIFICATION INFORMATION				
County:	REEVES	District:	08	
		Lease ID:		
Lease Name:	YETI STATE 56-2-45 UNIT		Well Number:	2H
Alternate Well ID:				
GPS COORDINATES INFORMATION				
NAD:	83	State Plane Zone:		
Latitude Degrees:		Longitude Degrees:		
Latitude Minutes:		Longitude Minutes:		
Latitude Seconds:		Longitude Seconds:		
Decimal Degrees Latitude:	31.773154	Decimal Degrees Longitude:	-103.868983	
State Plane X-Coordinate:		State Plane Y-Coordinate:		
SURVEY INFORMATION				
Survey Name:	T & P RR CO.	Abstract Number:	598	
Block:	56	Township:	2	
		Section:	45	
Tract:		Lot:		
		League:		
Labor:		Porcion:		
		Share:		
REFERENCE LINES INFORMATION				
Reference Line:	Section			
First Distance:	2250	First Direction:	SOUTH	
Second Distance:	1840	Second Direction:	WEST	
ADDITIONAL INFORMATION				
Elevation:	2872			
Total Vertical Depth:	11500			
Formation at Total Vertical Depth:	WOLFCAMP			
Remarks:				





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: SUBMITTED
Date: 09/28/2018
Application ID: 39842
Version No.: 1
Payment Trace No.:
455RM002ORM2RWQ

STATEWIDE RULE 13 EXCEPTION APPLICATION

PREPARER INFORMATION

Preparer Name: Betsy Luna Phone Number: 432-2473623
E-mail: betsy.luna@anadarko.com Fax Number:

FILING INFORMATION

GW-1 Application ID: 208742 GAU Areal Extent: SECTION Radius: 0
API Number: 38937612 Drilling Permit Number: 845136 DP Effective Date: 09/28/2018
Is this a Tubing Exception Only NO Is this a First Time Tubing NO
Is this an area-wide NO Associated SWR13E application:

OPERATOR INFORMATION

Operator Name: ANADARKO E&P ONSHORE LLC Operator No.: 20528
Address Line 1: ATTN FRANK A. DAVIS
Address Line 2: PO BOX 1330 City: HOUSTON
State: TX Postal Code: 77251

WELL IDENTIFICATION INFORMATION

Field Name: PHANTOM (WOLFCAMP)
County: REEVES District: 08 Well Number: 3H
Lease Name: YETI STATE 56-2-45 UNIT

GPS COORDINATES INFORMATION

NAD: NAD 83 Format: Decimal Degrees State Plane Zone:
Latitude Degrees: Longitude Degrees:
Latitude Minutes: Longitude Minutes:
Latitude Seconds: Longitude Seconds:
Decimal Degrees Latitude: 31.773154 Decimal Degrees Longitude: -103.868887
State Plane X-Coordinate: State Plane Y-Coordinate:

SURVEY INFORMATION

Survey Name: T&P RR CO Abstract No.: 598
Block: 56 T2 Township: 2 Section: 45
Tract: Lot: League:
Labor: Porcion: Share:

REFERENCE LINES INFORMATION

Reference Line: Survey
First Distance: 2250 First Direction: S (offlease)
Second Distance: 1870 Second Direction: W (offlease)

ADDITIONAL INFORMATION

Nearest Town: ORLA Distance to Nearest Town: 4.29 Direction to Nearest Town: SE
Total Vertical Depth: 14000 Measured Depth: 20000



APPLICATION INFORMATION

Application ID: 39842

Operator Name: ANADARKO E&P ONSHORE LLC

Well Number: 3H

Lease Name: YETI STATE 56-2-45 UNIT

REQUEST INFORMATION

Reason for this Request:

☐

Economic

☒

Technical

☐

Other

Additional Information for Other Reason for this Request:

Is this a proposed injection or disposal well? NO

Is this a Minimum Separation well? NO

Are there any water wells within 1/4 mile of this proposed well location? NO

Are there any INJECTION or DISPOSAL wells within 1/4 mile of the proposed well location? NO

Have there been any blowouts within one mile of this wellsite ? NO

WATER WELLS

INJECTION OR DISPOSAL WELLS

BLOWOUTS

APPLICATION INFORMATION

Application ID:	39842	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	3H	Lease Name:	YETI STATE 56-2-45 UNIT

REQUEST INFORMATION

Has the well drilled and completed? NO

Completion Tracking Number:

Remarks for the Application:

SUBMITTING APPLICATIONS FOR 3 WELL PAD: YETI STATE 56-2-45 UNIT 2H/3H/4H

GAU INFORMATION

GAU Areal Extent: SECTION Radius Distance: 0

Base of Usable Quality Water (feet, determined by GAU): 950

Separation Points:

GAU Recommendation Statements:

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 500 to 950 feet must be protected.

This recommendation is applicable to all wells within a radius of 2000 feet of this location.

Please send a Gamma and Porosity log of this well, from the land surface to a depth of at least 2000 feet, when it is available.

APPLICATION INFORMATION

Application ID: 39842
Well Number: 3H

Operator Name: ANADARKO E&P ONSHORE LLC
Lease Name: YETI STATE 56-2-45 UNIT

EXCEPTION INFORMATIONException Request:

☐ Short Surface Casing ☒ Excess Surface Casing ☐ Single-string ☐ Tubing

Alternate Program Request:

☒ Drilling Fluid ☐ Non-API Cement ☐ Other

Additional Information for Other Alternate Program Request:

--

APPLICATION INFORMATION

Application ID: 39842	Operator Name: ANADARKO E&P ONSHORE LLC	
Well Number: 3H	Lease Name: YETI STATE 56-2-45 UNIT	

PROPOSED CASING AND CEMENTING PROGRAM

Conductor Casing

Hole Size(in.)	Casing O.D.(in.)	Grade	Weight (lb./ft.)	Shoe Setting Depth(ft.)	Multi-Stage Tool Depth(ft.)	No. of Centralizers	Centralizers Placement

Cementing - Conventional

Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement									
Lead/Filler Cement									

Slurry Type	Cement Additives
Tail/Critical Cement	
Lead/Filler Cement	

APPLICATION INFORMATION			
Application ID:	39842	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	3H	Lease Name:	YETI STATE 56-2-45 UNIT

PROPOSED CASING AND CEMENTING PROGRAM

Surface Casing							
Hole Size(in.)	Casing O.D.(in.)	Grade	Weight (lb./ft.)	Shoe Setting Depth(ft.)	Multi-Stage Tool Depth(ft.)	No. of Centralizers	Centralizers Placement
12.25	9.625	J-55 BTC	40	3421	1075	19	SHOE, COLLAR, NEXT 3 JTS, EVERY 4TH JT

Tapered Hole Size(in.)	Tapered Casing O.D.(in.)	Tapered Grade	Tapered Weight (lb./ft.)	Tapered Setting Crossover Depth(ft.)

Cementing - Conventional									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement	C	0	208	1.33	1920	2150	684	20	2737
Lead/Filler Cement	C	4.5	561	2.48	267	510	1662	100	1075

Slurry Type	Cement Additives
Tail/Critical Cement	RETARDER, DEFOAMER
Lead/Filler Cement	SODIUM METASILICATE, SODIUM CHLORIDE, DEFOAMER, RETARDER

Cementing - Multi-Stage Tool									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement									
Lead/Filler Cement	C	4.5	548	2.48	267	510	1075	100	0

Slurry Type	Cement Additives
Tail/Critical Cement	
Lead/Filler Cement	SODIUM METASILICATE, SODIUM CHLORIDE, DEFOAMER, RETARDER

2019

16. MF 114908
Rooves
County
Drilling Permit AP1389-37612 Unit 8098
Date Filed: 01/11/2019
By: George R. Bush, Commissioner

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845138	DATE PERMIT ISSUED OR AMENDED Sep 28, 2018	DISTRICT * 08
API NUMBER 42-389-37613	FORM W-1 RECEIVED Sep 27, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 4H
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 11500
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO		
DISTANCE TO SURVEY LINES 2250 ft. S (OFFLEASE) 1900 ft. W (OFFLEASE)		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 2250 ft. S (OFFLEASE) 1900 ft. W (OFFLEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME		ACRES DEPTH WELL # DIST NEAREST LEASE NEAREST WE
PHANTOM (WOLFCAMP) YETI STATE 56-2-45 UNIT		964.38 10,500 4H 08 200 770
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 2250.0 F S (OFFLEASE) L 2270.0 F W (OFFLEASE) L Terminus Location BH County: REEVES Section: 40 Block: 56 T2 Abstract: 2527 Survey: T&P RR CO/WILMETH, MRS M Lease Lines: 60.0 F NORTH L 2640.0 F WEST L Survey Lines: 60.0 F NORTH L 2640.0 F WEST L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		



RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845138	DATE PERMIT ISSUED OR AMENDED Sep 28, 2018	DISTRICT * 08										
API NUMBER 42-389-37613	FORM W-1 RECEIVED Sep 27, 2018	COUNTY REEVES										
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38										
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 4H										
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 11500										
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO												
DISTANCE TO SURVEY LINES 2250 ft. S (OFFLEASE) 1900 ft. W (OFFLEASE)		DISTANCE TO NEAREST LEASE LINE 200 ft.										
DISTANCE TO LEASE LINES 2250 ft. S (OFFLEASE) 1900 ft. W (OFFLEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below										
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *												
<table border="0"> <tr> <td>FIELD NAME</td> <td>ACRES</td> <td>DEPTH</td> <td>WELL #</td> <td>DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table>			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE		NEAREST WE	
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval, for one or more of the fields approved on this permit, appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.												

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



Railroad Commission of Texas

PERMIT TO DRILL, RE-COMPLETE, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

CONDITIONS AND INSTRUCTIONS

Permit Invalidation. It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

Notice Requirements. Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

Permit expiration. This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

Drilling Permit Number. The drilling permit number shown on the permit MUST be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

Rule 37 Exception Permits. This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

Before Drilling

Fresh Water Sand Protection. The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

Accessing the Well Site. If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

Water Transport to Well Site. If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

*NOTIFICATION

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

During Drilling

Permit at Drilling Site. A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

***Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.



***Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

Completion and Plugging Reports

Hydraulic Fracture Stimulation using Diesel Fuel: Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

Producing Well. Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within thirty (30) days after completion of the well or within ninety (90) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s (if required) must be submitted with no double assignment of acreage.

Dry or Noncommercial Hole. Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

Intention to Plug. The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

***Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Texas Commission on Environmental Quality letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE
(512) 463-6751

MAIL:
PO Box 12967
Austin, Texas, 78711-2967



API No. <u>42-389-37613</u> Drilling Permit # <u>845138</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004 Permit Status: <u>Approved</u>	
1. RRC Operator No. <u>020528</u>		2. Operator's Name (as shown on form P-5, Organization Report) <u>ANADARKO E&P ONSHORE LLC</u>			3. Operator Address (include street, city, state, zip): <u>ATTN FRANK A. DAVIS</u> <u>PO BOX 1330</u> <u>HOUSTON, TX 77251-1330</u>		
4. Lease Name <u>YETI STATE 56-2-45 UNIT</u>		5. Well No. <u>4H</u>					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes):							
☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes):							
☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack							
8. Total Depth <u>11500</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. <u>08</u>		12. County <u>REEVES</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore			
14. This well is to be located <u>4.29</u> miles in a <u>SE</u> direction from <u>ORLA</u> which is the nearest town in the county of the well site.							
15. Section <u>45</u>	16. Block <u>56 T2</u>	17. Survey <u>T&P RR CO</u>		18. Abstract No. <u>A-598</u>	19. Distance to nearest lease line: <u>200</u> ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>964.38</u>	
21. Lease Perpendiculars: <u>2250</u> ft from the <u>S (OFFLEASE)</u> line and <u>1900</u> ft from the <u>W (OFFLEASE)</u> line.							
22. Survey Perpendiculars: <u>2250</u> ft from the <u>S (OFFLEASE)</u> line and <u>1900</u> ft from the <u>W (OFFLEASE)</u> line.							
23. Is this a pooled unit? ☒ Yes ☐ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No			
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
<u>08</u>	<u>71052900</u>	<u>PHANTOM (WOLFCAMP)</u>		<u>Oil or Gas Well</u>	<u>10500</u>	<u>770.00</u>	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks [FILER Sep 27, 2018 12:28 PM]: Anadarko owns or controls the development rights at the off unit penetration point site and waives notice requirements. H-9 will be filed with District office after permit approval.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge.			
RRC Use Only Data Validation Time Stamp: <u>Sep 28, 2018 8:56 AM(Current Version)</u>				<u>Betsy Luna, Staff Regulatory Analyst</u> <u>Sep 27, 2018</u> Name of filer Date submitted <u>(432)2473623</u> <u>betsy.luna@anadarko.com</u> Phone E-mail Address (OPTIONAL)			

Permit Status: **Approved**

*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H

07/2004

Supplemental Horizontal Well Information

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Permit # **845138**

Approved Date: **Sep 28, 2018**

1. RRC Operator No. 020528	2. Operator's Name (exactly as shown on form P-5, Organization Report) ANADARKO E&P ONSHORE LLC	3. Lease Name YETI STATE 56-2-45 UNIT	4. Well No. 4H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 40	7. Block 56 T2	8. Survey T&P RR CO/WILMETH, MRS M	9. Abstract 2527
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 60 ft. from the NORTH line, and 2640 ft. from the WEST line			
12. Terminus Survey Line Perpendiculars 60 ft. from the NORTH line, and 2640 ft. from the WEST line			
13. Penetration Point Lease Line Perpendiculars 2250 ft. from the S (offlease) line, and 2270 ft. from the W (offlease) line			

**CERTIFICATE OF
POOLING AUTHORITY**

Revised 05/2001

P-12

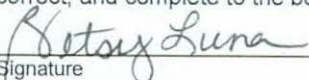
1. Field Name(s) Phantom (Wolfcamp)	2. Lease/ID Number (if assigned)	3. RRC District Number 08
4. Operator Name Anadarko E&P Onshore LLC	5. Operator P-5 Number 020528	6. Well Number 4H
7. Pooled Unit Name Yeti State 56-2-45 Unit	8. API Number	9. Purpose of Filing ☒ Drilling Permit (W-1) ☐ Completion Report
10. County Reeves	11. Total acres in pooled unit 964.38	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1	State of Texas	643.03	☐	☐
2	Chevron U.S.A. Inc	321.35	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.


Signature

Betsy Luna

Print Name

Staff Regulatory Analyst

09/26/2018

432-247-3623

Title

E-mail (if available)

Date

Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

- When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
- The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
- If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
- If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
- If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
- Identify the drill site tract with an * to the left of the tract identifier.
- The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form P-16

Page 1

Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

Operator Name: Anadarko E&P Onshore LLC	Operator P-5 No.: 020528
Operator Address: P.O. Box 1330 Houston, TX 77251-1330	

SECTION II. WELL INFORMATION

District No.: 08	County: REEVES	Purpose of Filing: ☒ Drilling Permit Application (Form W-1) ☐ Completion Report (Form G-1/W-2)
Well No.: 4H	API No.: PENDING	
Total Lease Acres: 964.38	Drilling Permit No.:	
Lease Name: YETI STATE 56-2-45 UNIT	Lease No.:	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER

[illegible]

Total Well Count >	4	< A. Total Assigned Horiz. Acreage	760	< C. Total Assigned Acreage
		< Total Remaining Horiz. Acreage	204.38	< Total Remaining Acreage
		< B. Total Assigned Vert./Dir. Acreage		
		< Total Remaining Vert./Dir. Acreage		

SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)

Permitting the fourth well on this lease in this field. Acres to be reallocated with completion.

Attach Additional Pages As Needed.

☐ No additional pages

☐ Additional Pages: _____ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Betsy Luna
Signature

Betsy Luna, Staff Regulatory Analyst
Name and title (type or print)

Email (include email address *only* if you affirmatively consent to its public release)

Po Box 1330
Address

Houston	TX	77251-1330
City.	State.	Zip Code

432	247-3623	09/26/2018
Tel: Area Code	Number	Date: mo. day yr.



ANADARKO E&P ONSHORE LLC

SHEET NO. 1 OF 1

NATURE OF WORK WELL LOCATION STAKING

DATE 09-12-18

SRID NO. 12988

PROJECT- YETI STATE 56-2-45 UNIT 4H

JOB OR AFE NO. 2146068.PDE

SEC. 40, 45

BLK OR RANGE 56

TWP 2

SURVEY

T. & P. RR. CO.

CO. REEVES

STATE TEXAS

REMARKS

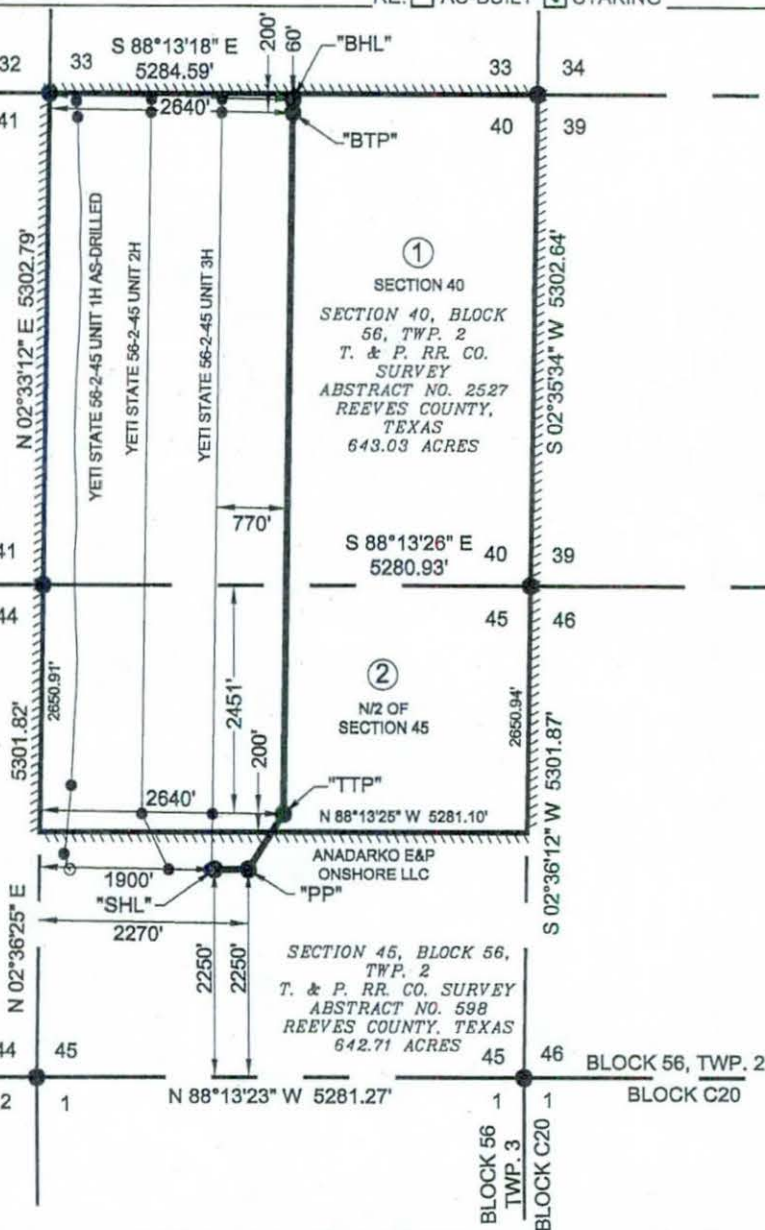
RE: ☐ AS-BUILT ☒ STAKING

YETI STATE 56-2-45 UNIT 4H UNIT SUMMARY		
TRACT	ACREAGE	MINERAL OWNERSHIP
1	643.03	STATE OF TEXAS
2	321.35	CHEVRON U.S.A., INC.
TOTAL	964.38	

NOTE:
YETI STATE 56-2-45 UNIT 4H
LOCATION BEING
S 31°31' E, 4.29 MILES FROM
ORLA, REEVES COUNTY, TEXAS

YETI STATE 56-2-45 UNIT 4H
WELL BORE SUMMARY
SHL TO PP=S 88°13'02" E, 370.09'
PP TO TTP=N 34°00'41" E, 710.07'
TTP TO BTP=N 02°34'14" E, 7553.59'
BTP TO BHL=N 02°33'12" E, 140.01'

SECTION TIES SUMMARY
YETI STATE 56-2-45 UNIT 4H
SHL-2250' FSL, 1900' FWL-SECTION 45
PP-2250' FSL, 2270' FWL-SECTION 45
TTP-2451' FNL, 2640' FWL-SECTION 45
TTP-200' FSL, 2640' FWL-UNIT
BTP-200' FNL, 2640' FWL-SECTION 40
BHL-60' FNL, 2640' FWL-SECTION 40

STATE PLANE COORDINATE DATUM
NAD 27 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 4H SHL (ELEV.=2871.76')
X = 901597.72 LAT = 31°46'22.896" N LONG = -103°52'05.952" W
Y = 783532.33 LONG = -103°52'05.952" W LONG = -103.86832011" W
YETI STATE 56-2-45 UNIT 4H PP
X = 901967.63 LAT = 31°46'22.901" N LONG = -103°52'01.665" W
Y = 783520.82 LONG = -103°52'01.665" W LONG = -103.86712924" W
YETI STATE 56-2-45 UNIT 4H TTP
X = 902364.81 LAT = 31°46'28.847" N LONG = -103°51'57.283" W
Y = 784109.39 LONG = -103°51'57.283" W LONG = -103.86591197" W
YETI STATE 56-2-45 UNIT 4H BTP
X = 902703.71 LAT = 31°47'43.593" N LONG = -103°51'56.134" W
Y = 791655.17 LONG = -103°51'56.134" W LONG = -103.86559288" W
YETI STATE 56-2-45 UNIT 4H BHL
X = 902709.95 LAT = 31°47'44.978" N LONG = -103°51'56.114" W
Y = 791795.04 LONG = -103°51'56.114" W LONG = -103.86558709" W

STATE PLANE COORDINATE DATUM
NAD 83 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 4H SHL (ELEV.=2871.76')
X = 1198059.79 LAT = 31°46'23.355" N LONG = -103°52'07.644" W
Y = 10626109.40 LONG = -103°52'07.644" W LONG = -103.86879012" W
YETI STATE 56-2-45 UNIT 4H PP
X = 1198429.71 LAT = 31°46'23.358" N LONG = -103°52'03.357" W
Y = 10626097.89 LONG = -103°52'03.357" W LONG = -103.86759920" W
YETI STATE 56-2-45 UNIT 4H TTP
X = 1198826.89 LAT = 31°46'29.304" N LONG = -103°51'58.975" W
Y = 10626686.48 LONG = -103°51'58.975" W LONG = -103.86638193" W
YETI STATE 56-2-45 UNIT 4H BTP
X = 1199165.65 LAT = 31°47'44.049" N LONG = -103°51'57.828" W
Y = 10634232.47 LONG = -103°51'57.828" W LONG = -103.86606340" W
YETI STATE 56-2-45 UNIT 4H BHL
X = 1199171.89 LAT = 31°47'45.435" N LONG = -103°51'57.807" W
Y = 10634372.34 LONG = -103°51'57.807" W LONG = -103.86605762" W

Plat Notes

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "MATE 3" (N: 10621798.59, E: 1188264.10) WHERE THE CONVERGENCE ANGLE IS -1° 50' 13.1" AND THE COMBINED SCALE FACTOR IS 0.99983126. ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 09-12-18 DATE SURVEYED 08-20-18 DRAFT JEB

JOB NO. 1808119 FIELD BOOK V. RF-8, P. 3 REV. 1

FILE 1808119 YETI STATE 56-2-45 UNIT 4H RRC PERMIT PLAT

2000' 0' 2000' 4000'

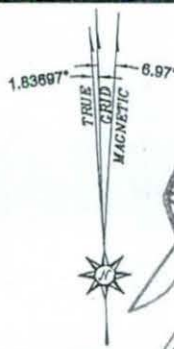
TRANSGLOBAL
SERVICES LLC

TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE WELL PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

TIMOTHY A. NOLD TEXAS R.P.L.S. NO. 5658

DATE





GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Groundwater Advisory Unit

Date Issued: 21 September 2018

GAU Number: 208742

Attention: ANADARKO E&P ONSHORE
ATTN FRANK A. DAVIS
HOUSTON, TX 77251

Operator No.: 020528

API Number:
County: REEVES
Lease Name: YETI STATE 56-2-45 UNIT
Lease Number:
Well Number: 2H
Total Vertical Depth: 11500
Latitude: 31.773027
Longitude: -103.868513
Datum: NAD27

Purpose: New Production Well

Location: Survey-T&P RR CO; Abstract-598; Block-56; Township-2; Section-45

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 500 to 950 feet must be protected.

This recommendation is applicable to all wells within a radius of 2000 feet of this location.

Please send a Gamma and Porosity log of this well, from the land surface to a depth of at least 2000 feet, when it is available.

YETI STATE 56-2-45 UNIT 2H, 3H & 4H WELLS

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 09/14/2018. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014



**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Statu: Submitted
Date: 09/14/2018
GAU No.: 208742
Version: 1
Pymt Trace No: 455RM002N371GAL

GROUND WATER APPLICATION REPORT

PREPARER INFORMATION				
Preparer Name:	Betsy Luna	Phone Number:	432-247-3623	
E-mail Address:	betsy.luna@anadarko.com	Fax Number:		
FILING INFORMATION				
Reason for Filing:	New Production Well	Expedite:	Y	
API Number:	Previous GAU No. for this Well:			
Areal Extent:	Section	Radius:	DP Number:	
OPERATOR INFORMATION				
Operator Name:	ANADARKO E&P ONSHORE LLC	Operator Number:	020528	
Address Line 1:	ATTN FRANK A. DAVIS			
Address Line 2:	PO BOX 1330	City:	HOUSTON	
State:	TX	Zip Code:	77251	
WELL IDENTIFICATION INFORMATION				
County:	REEVES	District:	08	
		Lease ID:		
Lease Name:	YETI STATE 56-2-45 UNIT		Well Number:	2H
Alternate Well ID:				
GPS COORDINATES INFORMATION				
NAD:	83	State Plane Zone:		
Latitude Degrees:		Longitude Degrees:		
Latitude Minutes:		Longitude Minutes:		
Latitude Seconds:		Longitude Seconds:		
Decimal Degrees Latitude:	31.773154	Decimal Degrees Longitude:	-103.868983	
State Plane X-Coordinate:		State Plane Y-Coordinate:		
SURVEY INFORMATION				
Survey Name:	T & P RR CO.	Abstract Number:	598	
Block:	56	Township:	2	
		Section:	45	
Tract:		Lot:		
		League:		
Labor:		Porcion:		
		Share:		
REFERENCE LINES INFORMATION				
Reference Line:	Section			
First Distance:	2250	First Direction:	SOUTH	
Second Distance:	1840	Second Direction:	WEST	
ADDITIONAL INFORMATION				
Elevation:	2872			
Total Vertical Depth:	11500			
Formation at Total Vertical Depth:	WOLFCAMP			
Remarks:				



**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: SUBMITTED
Date: 09/28/2018
Application ID: 39843
Version No.: 1
Payment Trace No.:
455RM002ORQ1NI0

STATEWIDE RULE 13 EXCEPTION APPLICATION

PREPARER INFORMATION			
Preparer Name:	Betsy Luna	Phone Number:	432-2473623
E-mail	betsy.luna@anadarko.com	Fax Number:	
FILING INFORMATION			
GW-1 Application ID:	208742	GAU Areal Extent:	SECTION
API Number:	38937613	Drilling Permit Number:	845138
Is this a Tubing Exception Only	NO	DP Effective Date:	09/28/2018
Is this an area-wide	NO	Is this a First Time Tubing	NO
		Associated SWR13E application:	
OPERATOR INFORMATION			
Operator Name:	ANADARKO E&P ONSHORE LLC	Operator No.:	20528
Address Line 1:	ATTN FRANK A. DAVIS	City:	HOUSTON
Address Line 2:	PO BOX 1330	Postal Code:	77251
State:	TX		
WELL IDENTIFICATION INFORMATION			
Field Name:	PHANTOM (WOLFCAMP)		
County:	REEVES	District:	08
		Well Number:	4H
Lease Name:	YETI STATE 56-2-45 UNIT		
GPS COORDINATES INFORMATION			
NAD:	NAD 83	Format:	Decimal Degrees
		State Plane Zone:	
Latitude Degrees:		Longitude Degrees:	
Latitude Minutes:		Longitude Minutes:	
Latitude Seconds:		Longitude Seconds:	
Decimal Degrees Latitude:	31.773154	Decimal Degrees Longitude:	-103.86879
State Plane X-Coordinate:		State Plane Y-Coordinate:	
SURVEY INFORMATION			
Survey Name:	T&P RR CO	Abstract No.:	598
Block:	56 T2	Township:	2
Tract:		Section:	45
		Lot:	
Labor:		League:	
		Porcion:	
		Share:	
REFERENCE LINES INFORMATION			
Reference Line:	Survey		
First Distance:	2250	First Direction:	S (offlease)
Second Distance:	1900	Second Direction:	W (offlease)
ADDITIONAL INFORMATION			
Nearest Town:	ORLA	Distance to Nearest Town:	4.29
		Direction to Nearest Town:	SE
Total Vertical Depth:	11500	Measured Depth:	20000



APPLICATION INFORMATION			
Application ID:	39843	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	4H	Lease Name:	YETI STATE 56-2-45 UNIT
REQUEST INFORMATION			
Reason for this Request:			
☐	Economic	☒	Technical
☐		☐	Other
Additional Information for Other Reason for this Request:			
Is this a proposed injection or disposal well?		NO	Is this a Minimum Separation well?
			NO
Are there any water wells within 1/4 mile of this proposed well location?			NO
Are there any INJECTION or DISPOSAL wells within 1/4 mile of the proposed well location?			NO
Have there been any blowouts within one mile of this wellsite ?			NO

WATER WELLS

INJECTION OR DISPOSAL WELLS

BLOWOUTS

APPLICATION INFORMATION

Application ID: 39843

Operator Name: ANADARKO E&P ONSHORE LLC

Well Number: 4H

Lease Name: YETI STATE 56-2-45 UNIT

REQUEST INFORMATION

Has the well drilled and completed? NO

Completion Tracking Number:

Remarks for the Application:

SUBMITTING APPLICATIONS FOR 3 WELL PAD: YETI STATE 56-2-45 UNIT 2H/3H/4H

GAU INFORMATION

GAU Areal Extent: SECTION

Radius Distance: 0

Base of Usable Quality Water (feet, determined by GAU): 950

Separation Points:

GAU Recommendation Statements:

Water-bearing strata from the land surface to a depth of 300 feet and the Rustler, which is estimated to occur from 500 to 950 feet must be protected.

This recommendation is applicable to all wells within a radius of 2000 feet of this location.

Please send a Gamma and Porosity log of this well, from the land surface to a depth of at least 2000 feet, when it is available.

APPLICATION INFORMATION

Operator Name: ANADARKO E&P ONSHORE LLC

Lease Name: YETI STATE 56-2-45 UNIT

EXCEPTION INFORMATION

Exception Request:

☐ Short Surface Casing ☒ Excess Surface Casing ☐ Single-string ☐ Tubing

Alternate Program Request:

☒ Drilling Fluid ☐ Non-API Cement ☐ Other

Additional Information for Other Alternate Program Request:

[illegible]

APPLICATION INFORMATION			
Application ID:	39843	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	4H	Lease Name:	YETI STATE 56-2-45 UNIT

PROPOSED CASING AND CEMENTING PROGRAM

Conductor Casing							
Hole Size(in.)	Casing O.D.(in.)	Grade	Weight (lb./ft.)	Shoe Setting Depth(ft.)	Multi-Stage Tool Depth(ft.)	No. of Centralizers	Centralizers Placement

Cementing - Conventional									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement									
Lead/Filler Cement									

Slurry Type	Cement Additives
Tail/Critical Cement	
Lead/Filler Cement	

APPLICATION INFORMATION			
Application ID:	39843	Operator Name:	ANADARKO E&P ONSHORE LLC
Well Number:	4H	Lease Name:	YETI STATE 56-2-45 UNIT

PROPOSED CASING AND CEMENTING PROGRAM

Surface Casing							
Hole Size(in.)	Casing O.D.(in.)	Grade	Weight (lb./ft.)	Shoe Setting Depth(ft.)	Multi-Stage Tool Depth(ft.)	No. of Centralizers	Centralizers Placement
12.25	9.625	J-55 BTC	40	3158	1075	18	SHOE, COLLAR, NEXT 3 JTS, EVERY 4TH JT

Tapered Hole Size(in.)	Tapered Casing O.D.(in.)	Tapered Grade	Tapered Weight (lb./ft.)	Tapered Setting Crossover Depth(ft.)

Cementing - Conventional									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement	C	0	194	1.33	1920	2150	632	20	2526
Lead/Filler Cement	C	4.5	490	2.48	267	510	1451	100	1075

Slurry Type	Cement Additives
Tail/Critical Cement	RETARDER, DEFOAMER
Lead/Filler Cement	SODIUM METASILICATE, SODIUM CHLORIDE, DEFOAMER, RETARDER

Cementing - Multi-Stage Tool									
Slurry Type	Cement Type	Free Water Content(mL water per 250 mL cement)	No. of Sacks	Yield (cu.ft./sk.)	24Hr Comp Strength (psi)	72Hr Comp Strength (psi)	Cement Height(ft.)	Percent excess Cement	Top of Cement(ft.)
Tail/Critical Cement									
Lead/Filler Cement	C	4.5	548	2.48	267	510	1075	100	0

Slurry Type	Cement Additives
Tail/Critical Cement	
Lead/Filler Cement	SODIUM METASILICATE, SODIUM CHLORIDE, DEFOAMER, RETARDER

014 01

File No. MF114908

Reeves County

Drilling Permit API 389-37613 Unit 8008

Date Filed: 01/11/2019

By  George P. Bush, Commissioner



RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845122	DATE PERMIT ISSUED OR AMENDED (AMENDED) Nov 30, 2018	DISTRICT * 08
API NUMBER 42-389-37609	FORM W-1 RECEIVED Nov 29, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330 020528		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 2H
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 11500
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO		
DISTANCE TO SURVEY LINES 2250 ft. SOUTH 1840 ft. WEST		DISTANCE TO NEAREST LEASE LINE 100 ft.
DISTANCE TO LEASE LINES 2250 ft. SOUTH 1840 ft. WEST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
PHANTOM (WOLFCAMP) YETI STATE 56-2-45 UNIT	964.38 100	10,500 718
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 2250.0 F SOUTH L 1400.0 F WEST L Terminus Location BH County: REEVES Section: 40 Block: 56 T2 Abstract: 2527 Survey: T&P RR CO / WILMETH, MRS M Lease Lines: 60.0 F NORTH L 1100.0 F WEST L Survey Lines: 60.0 F NORTH L 1100.0 F WEST L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		

RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845122	DATE PERMIT ISSUED OR AMENDED (AMENDED) Nov 30, 2018	DISTRICT * 08
API NUMBER 42-389-37609	FORM W-1 RECEIVED Nov 29, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38
OPERATOR ANADARKO E&P ONSHORE LLC ATTN: FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 2H
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 11500
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DISTANCE TO SURVEY LINES 2250 ft. SOUTH 1840 ft. WEST		DISTANCE TO NEAREST LEASE LINE 100 ft.
DISTANCE TO LEASE LINES 2250 ft. SOUTH 1840 ft. WEST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME		ACRES DEPTH WELL # DIST NEAREST LEASE NEAREST WE
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.		



**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>





ANADARKO E&P ONSHORE LLC

SHEET NO. 1 OF 1

NATURE OF WORK WELL LOCATION STAKING

DATE 11-08-18

SRID NO. 12988

PROJECT YETI STATE 56-2-45 UNIT 2H

JOB OR AFE NO. 2146066.PDE

SEC. 40, 45

BLK OR RANGE 56

TWP 2

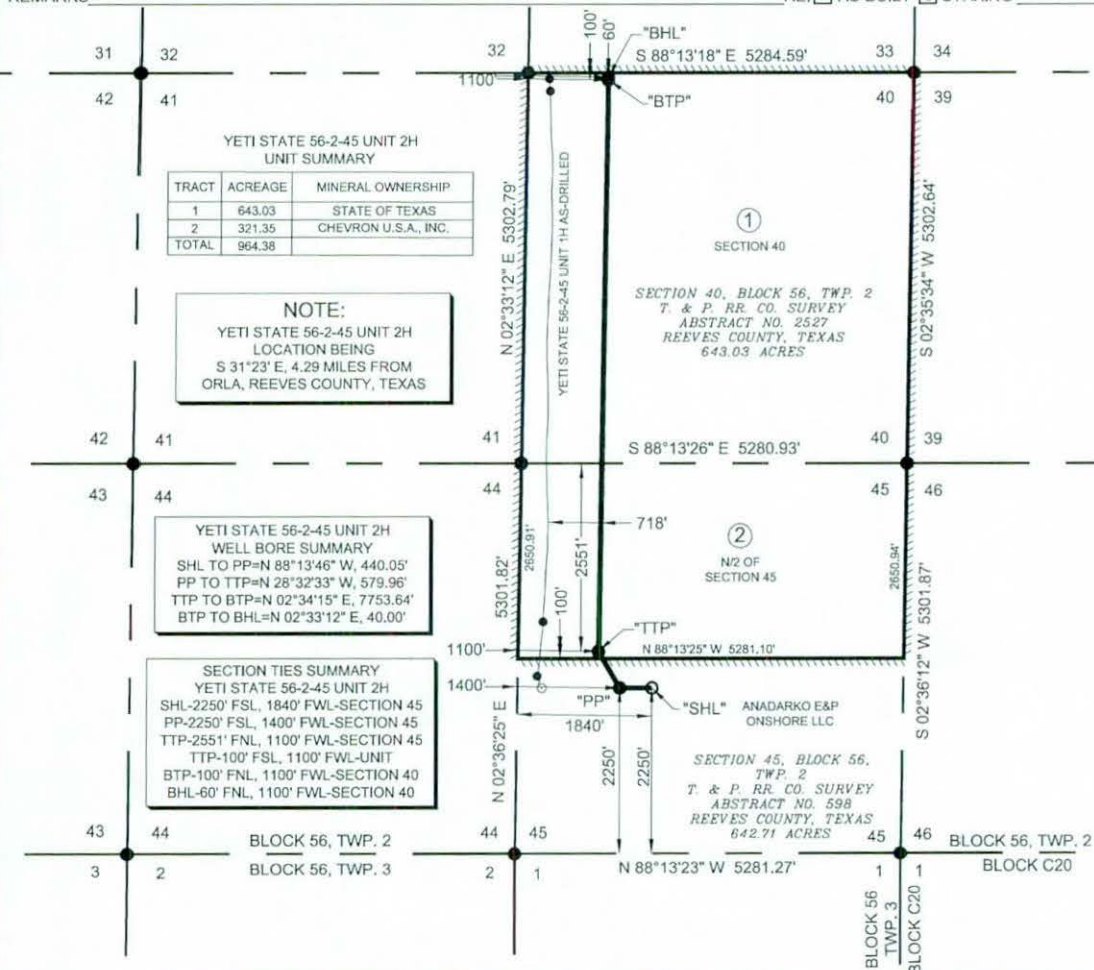
SURVEY

T. & P. RR. CO.

CO. REEVES

STATE TEXAS

REMARKS

RE: ☐ AS-BUILT ☒ STAKING

STATE PLANE COORDINATE DATUM
NAD 27 - TEXAS CENTRAL ZONE 4203
YETI STATE 56-2-45 UNIT 2H SHL (ELEV.=2872.40')

X = 901537.80	LAT = 31°46'22.898" N	LAT = 31.77302724° N
Y = 783534.20	LONG = -103°52'06.647" W	LONG = -103.86851301° W
X = 901097.95	LAT = 31°46'22.894" N	LAT = 31.77302618° N
Y = 783547.80	LONG = -103°52'11.744" W	LONG = -103.86992896° W
X = 900820.87	LAT = 31°46'27.846" N	LAT = 31.77440177° N
Y = 784057.26	LONG = -103°52'15.140" W	LONG = -103.87087225° W
X = 901168.79	LAT = 31°47'44.571" N	LAT = 31.79571418° N
Y = 791802.88	LONG = -103°52'13.964" W	LONG = -103.87054566° W
X = 901170.58	LAT = 31°47'44.967" N	LAT = 31.79582415° N
Y = 791842.85	LONG = -103°52'13.958" W	LONG = -103.87054400° W

STATE PLANE COORDINATE DATUM
NAD 83 - TEXAS CENTRAL ZONE 4203
YETI STATE 56-2-45 UNIT 2H SHL (ELEV.=2872.40')

X = 1197999.87	LAT = 31°46'23.355" N	LAT = 31.77315411° N
Y = 1062611.27	LONG = -103°52'08.339" W	LONG = -103.86898302° W
X = 1197560.03	LAT = 31°46'23.351" N	LAT = 31.77315311° N
Y = 1062612.87	LONG = -103°52'13.436" W	LONG = -103.87039903° W
X = 1197282.92	LAT = 31°46'28.303" N	LAT = 31.77452868° N
Y = 10626634.34	LONG = -103°52'16.833" W	LONG = -103.87134240° W
X = 1197630.70	LAT = 31°47'45.027" N	LAT = 31.79584094° N
Y = 10634380.17	LONG = -103°52'15.659" W	LONG = -103.87101639° W
X = 1197632.49	LAT = 31°47'45.423" N	LAT = 31.79595092° N
Y = 10634420.14	LONG = -103°52'15.653" W	LONG = -103.87101472° W

Plat Notes

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "MATE 3" (N: 10521798.59, E: 1188264.10) WHERE THE CONVERGENCE ANGLE IS -1° 50' 13.1" AND THE COMBINED SCALE FACTOR IS 0.99983126. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 11-08-17 DATE SURVEYED 08-20-18 DRAFT CJ

JOB NO. 1808116 FIELD BOOK V. RF-8, P. 3 REV. 1

FILE 1808116 YETI STATE 56-2-45 UNIT 2H RRC PERMIT PLAT

2000' 0' 2000' 4000'



TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE WELL PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

TIMOTHY A. NOLD TEXAS R.P.L.S. NO. 5658

DATE

MAGNETIC NORTH IS CURRENT AS OF 08/20/2018.
MAGNETIC NORTH CHANGES WEST 0.10" PER YEAR.



January 9, 2019

Mr. J. Daryl Morgan
Texas General Land Office
P O Box 12873
Austin, Texas 78711-2873

Re: Yeti State 56-2-45 Unit 2H – Notice of Spud Date
ST TX MF-114904
Section 40, Block 56, T-2, T&P Ry Co Svy
REEVES COUNTY, TEXAS

Dear Mr. Morgan:

Please be advised that Anadarko E&P Onshore LLC spud the subject well on January 15, 2019.

Enclosed for your records, please find copy of said permit and plat.

Should you have any questions, please feel free to contact me at (432) 247-3591.

Sincerely,

ANADARKO E&P ONSHORE LLC

A handwritten signature in black ink, appearing to read "Debbie Evans".

Debbie Evans
Staff Land Analyst

Enclosure



File No. MF114908Reeves CountyAmended Drilling Permit API 389-37609Date Filed: 04/07/2019

George P. Bush, Commissioner

By Jm

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845136	DATE PERMIT ISSUED OR AMENDED (AMENDED) Nov 30, 2018	DISTRICT * 08																														
API NUMBER 42-389-37612	FORM W-1 RECEIVED Nov 29, 2018	COUNTY REEVES																														
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal, Vertical	ACRES 964.38																														
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581																														
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 3H																														
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 14000																														
Section, Block and/or Survey SECTION 45 BLOCK 56 T2 ABSTRACT 598 SURVEY T&P RR CO																																
DISTANCE TO SURVEY LINES 2250 ft. S 1870 ft. W		DISTANCE TO NEAREST LEASE LINE 100 ft.																														
DISTANCE TO LEASE LINES 2250 ft. S 1870 ft. W		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below																														
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *																																
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RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845136	DATE PERMIT ISSUED OR AMENDED (AMENDED) Nov 30, 2018	DISTRICT * 08										
API NUMBER 42-389-37612	FORM W-1 RECEIVED Nov 29, 2018	COUNTY REEVES										
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal, Vertical	ACRES 964.38										
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 3H										
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 14000										
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO												
DISTANCE TO SURVEY LINES 2250 ft. S 1870 ft. W		DISTANCE TO NEAREST LEASE LINE 100 ft.										
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**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
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FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>





ANADARKO E&P ONSHORE LLC

SHEET NO. 1 OF 1

NATURE OF WORK WELL LOCATION STAKING

DATE 11-08-18

SRID NO. 12988

PROJECT- YETI STATE 56-2-45 UNIT 3H

JOB OR AFE NO. 2146067.PDE

SEC. 40, 45 BLK OR RANGE 56 TWP 2 SURVEY T. & P. RR. CO. CO. REEVES STATE TEXAS

REMARKS

RE: ☐ AS-BUILT ☒ STAKINGYETI STATE 56-2-45 UNIT 3H
UNIT SUMMARY

TRACT	ACREAGE	MINERAL OWNERSHIP
1	643.03	STATE OF TEXAS
2	321.35	CHEVRON U.S.A., INC.
TOTAL	964.38	

NOTE:

YETI STATE 56-2-45 UNIT 3H
LOCATION BEING
S 31°27' E, 4.29 MILES FROM
ORLA, REEVES COUNTY, TEXAS

YETI STATE 56-2-45 UNIT 3H
WELL BORE SUMMARY

SHL/PP TO TTP=N 02°36'33" E, 500.71'
TTP TO BTP=N 02°34'15" E, 7753.61'
BTP TO BHL=N 02°33'12" E, 40.00'

SECTION TIES SUMMARY

YETI STATE 56-2-45 UNIT 3H
SHL/PP-2250' FSL, 1870' FWL-SECTION 45
TTP-2551' FNL, 1870' FWL-SECTION 45
TTP-100' FSL, 1870' FWL-UNIT
BTP-100' FNL, 1870' FWL-SECTION 40
BHL-60' FNL, 1870' FWL-SECTION 40

BLOCK 56, TWP. 2

BLOCK 56, TWP. 3

SECTION 40

SECTION 40, BLOCK 56,
TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 2527
REEVES COUNTY, TEXAS
643.03 ACRES

SECTION 45,
TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 598
REEVES COUNTY, TEXAS
642.71 ACRES

SECTION 45, BLOCK 56,
TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 598
REEVES COUNTY, TEXAS
642.71 ACRES

STATE PLANE COORDINATE DATUM
NAD 27 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 3H SHL/PP (ELEV.=2871.91')

X = 901567.77 LAT = 31°46'22.898" N LAT = 31.77302713° N
Y = 783533.21 LONG = -103°52'06.299" W LONG = -103.86841652° W
YETI STATE 56-2-45 UNIT 3H TTP
X = 901590.56 LAT = 31°46'27.852" N LAT = 31.77440344° N
Y = 784033.39 LONG = -103°52'06.220" W LONG = -103.86839435° W
YETI STATE 56-2-45 UNIT 3H BTP
X = 901938.48 LAT = 31°47'44.577" N LAT = 31.79571578° N
Y = 791778.99 LONG = -103°52'05.042" W LONG = -103.86806720° W
YETI STATE 56-2-45 UNIT 3H BHL
X = 901940.27 LAT = 31°47'44.973" N LAT = 31.79582572° N
Y = 791818.95 LONG = -103°52'05.036" W LONG = -103.86806555° W

STATE PLANE COORDINATE DATUM
NAD 83 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 3H SHL/PP (ELEV.=2871.91')

X = 1198029.84 LAT = 31°46'23.355" N LAT = 31.77315407° N
Y = 10626110.28 LONG = -103°52'07.992" W LONG = -103.86888653° W
YETI STATE 56-2-45 UNIT 3H TTP
X = 1198052.63 LAT = 31°46'28.309" N LAT = 31.77453035° N
Y = 10626610.47 LONG = -103°52'07.912" W LONG = -103.86886438° W
YETI STATE 56-2-45 UNIT 3H BTP
X = 1198400.40 LAT = 31°47'45.033" N LAT = 31.79584256° N
Y = 10634356.28 LONG = -103°52'06.736" W LONG = -103.86853784° W
YETI STATE 56-2-45 UNIT 3H BHL
X = 1198402.19 LAT = 31°47'45.429" N LAT = 31.79595250° N
Y = 10634396.24 LONG = -103°52'06.730" W LONG = -103.86853617° W

Plat Notes

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "MATE 3" (N: 10621798.59' E: 118854.10' WHERE THE CONVERGENCE ANGLE IS -1° 50' 13.1" AND THE COMBINED SCALE FACTOR IS 0.9998312). ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF





January 9, 2019

Mr. J. Daryl Morgan
Texas General Land Office
P O Box 12873
Austin, Texas 78711-2873

Re: Yeti State 56-2-45 Unit 3H – Notice of Spud Date
ST TX MF-114904
Section 40, Block 56, T-2, T&P Ry Co Svy
REEVES COUNTY, TEXAS

Dear Mr. Morgan:

Please be advised that Anadarko E&P Onshore LLC spud the subject well on January 15, 2019.

Enclosed for your records, please find copy of said permit and plat.

Should you have any questions, please feel free to contact me at (432) 247-3591.

Sincerely,

ANADARKO E&P ONSHORE LLC

A handwritten signature in black ink, appearing to read "Debbie Evans".

Debbie Evans
Staff Land Analyst

Enclosure



File No. MF114908

Reeves County

Amended Drilling Permit API 389-37612

Date Filed: 04/01/2019

George P. Bush, Commissioner

By Jm

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3

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 845138	DATE PERMIT ISSUED OR AMENDED (AMENDED) Nov 30, 2018	DISTRICT * 08																														
API NUMBER 42-389-37613	FORM W-1 RECEIVED Nov 29, 2018	COUNTY REEVES																														
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 964.38																														
OPERATOR ANADARKO E&P ONSHORE LLC ATTN FRANK A. DAVIS PO BOX 1330 HOUSTON, TX 77251-1330		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581																														
LEASE NAME YETI STATE 56-2-45 UNIT		WELL NUMBER 4H																														
LOCATION 4.29 miles SE direction from ORLA		TOTAL DEPTH 11500																														
Section, Block and/or Survey SECTION ◀ 45 BLOCK ◀ 56 T2 ABSTRACT ◀ 598 SURVEY ◀ T&P RR CO																																
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RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

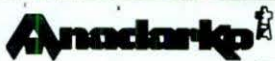
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**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

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ANADARKO E&P ONSHORE LLC

SHEET NO. 1 OF 1

NATURE OF WORK WELL LOCATION STAKING

DATE 11-08-18

SRID NO. 12988

PROJECT- YETI STATE 56-2-45 UNIT 4H

JOB OR AFE NO. 2146068.PDE

SEC. 40, 45 BLK OR RANGE 56 TWP 2 SURVEY T. & P. RR. CO. CO. REEVES STATE TEXAS

REMARKS

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TRACT	ACREAGE	MINERAL OWNERSHIP
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2	321.35	CHEVRON U.S.A., INC.
TOTAL	964.38	

NOTE:

YETI STATE 56-2-45 UNIT 4H
LOCATION BEING
S 31°31' E, 4.29 MILES FROM
ORLA, REEVES COUNTY, TEXAS

YETI STATE 56-2-45 UNIT 4H
WELL BORE SUMMARY

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PP TO TTP=N 38°46'45" E, 626.89'
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SURVEY
ABSTRACT NO. 2527
REEVES COUNTY,
TEXAS
643.03 ACRES

SECTION 45
N/2 OF
SECTION 45

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TWP. 2
T. & P. RR. CO. SURVEY
ABSTRACT NO. 598
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642.71 ACRES

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YETI STATE 56-2-45 UNIT 4H PP
X = 901967.63 LAT = 31°46'22.901" N LAT = 31.77302800" N
Y = 783520.82 LONG = -103°52'01.665" W LONG = -103.86712924" W
YETI STATE 56-2-45 UNIT 4H TTP
X = 902360.26 LAT = 31°46'27.858" N LAT = 31.77440500" N
Y = 784009.50 LONG = -103°51'57.299" W LONG = -103.86591641" W
YETI STATE 56-2-45 UNIT 4H BTP
X = 902708.16 LAT = 31°47'44.582" N LAT = 31.79571728" N
Y = 791755.08 LONG = -103°51'56.120" W LONG = -103.86558878" W
YETI STATE 56-2-45 UNIT 4H BHL
X = 902709.95 LAT = 31°47'44.978" N LAT = 31.79582723" N
Y = 791795.04 LONG = -103°51'56.114" W LONG = -103.86558709" W

STATE PLANE COORDINATE DATUM
NAD 83 - TEXAS CENTRAL ZONE 4203

YETI STATE 56-2-45 UNIT 4H SHL (ELEV.=2871.76')

X = 1198059.79 LAT = 31°46'23.355" N LAT = 31.77315427" N
Y = 10626109.40 LONG = -103°52'07.644" W LONG = -103.86879012" W
YETI STATE 56-2-45 UNIT 4H PP
X = 1198429.71 LAT = 31°46'23.358" N LAT = 31.77315495" N
Y = 10626097.89 LONG = -103°52'03.357" W LONG = -103.86759920" W
YETI STATE 56-2-45 UNIT 4H TTP
X = 1198822.34 LAT = 31°46'28.315" N LAT = 31.77453195" N
Y = 10626586.59 LONG = -103°51'58.991" W LONG = -103.86638636" W
YETI STATE 56-2-45 UNIT 4H BTP
X = 1199170.10 LAT = 31°47'45.039" N LAT = 31.79584410" N
Y = 10634332.38 LONG = -103°51'57.813" W LONG = -103.86605929" W
YETI STATE 56-2-45 UNIT 4H BHL
X = 1199171.89 LAT = 31°47'45.435" N LAT = 31.79595404" N
Y = 10634372.34 LONG = -103°51'57.807" W LONG = -103.86605762" W

Plat Notes

1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "MATE 3" (N: 10621798.59, E: 1188264.10) WHERE THE CONVERGENCE ANGLE IS -1° 50' 13.1" AND THE COMBINED SCALE FACTOR IS 0.99983126. ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.

2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF





January 9, 2019

Mr. J. Daryl Morgan
Texas General Land Office
P O Box 12873
Austin, Texas 78711-2873

Re: Yeti State 56-2-45 Unit 4H – Notice of Spud Date
ST TX MF-114904
Section 40, Block 56, T-2, T&P Ry Co Svy
REEVES COUNTY, TEXAS

Dear Mr. Morgan:

Please be advised that Anadarko E&P Onshore LLC spud the subject well on February 18, 2019.

Enclosed for your records, please find copy of said permit and plat.

Should you have any questions, please feel free to contact me at (432) 247-3591.

Sincerely,

ANADARKO E&P ONSHORE LLC

A handwritten signature in black ink, appearing to read "Debbie Evans".

Debbie Evans
Staff Land Analyst

Enclosure

File No. MF114908 20.
Reeves County
Drilling Permit API 389-37613
(Amended) 04/01/2019
Date Filed: 04/01/2019
By gm George P. Bush, Commissioner

T.T.O.T.

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage

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MF114908

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$

Postmark
Here

Sent To

Street, Apt. No.;
or PO Box No.

City, State, ZIP+4

Attn: DAVID Robertson
Anadarko Exp Onshore LLC
PO Box 1330
Houston, Tx 77251-1330

7011 1150 0001 2420 1167
4977 0242 7000 0577 7702

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
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- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Anadarko Exp Onshore LLC
 Attn: David Robertson
 PO Box 1330
 Houston, TX 77251-1330



9590 9402 1749 6074 7787 05

2. Article Number (Transfer from service label)

7011 1150 0001 2420 1167

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒ Craig Blanton

☐ Agent

☐ Addressee

B. Received by (Printed Name)

CRAIG BLANTON

C. Date of Delivery

8/2/19

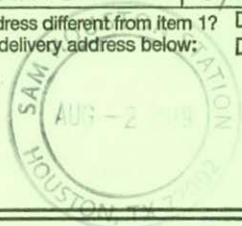
D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

MF
 114908



3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Mail
 Mail Restricted Delivery
 10)

USPS TRACKING #



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USPS
Permit No. G-10

9590 9402 1749 6074 7787 05

United States
Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box•

MF114908
Verdis
ENERGY
7th FLR



Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

08/03





Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

Anadarko E&P Onshore LLC
Attn: David Robertson
PO Box 1330
Houston, TX 77251-1330

Billing Date: 7/9/2019
Billing Due Date: 8/8/2019
Customer Number: C000044444

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00568	MF114908	\$0.00	\$8,472.08	\$943.73	\$694.04	\$10,109.85
Total Due		\$0.00	\$8,472.08	\$943.73	\$694.04	\$10,109.85

Penalty and interest have been calculated thru 7/31/2019. Payment remitted after 7/31/2019 will result in additional penalty and interest charges.

Contact Info: Thomas Kincaid (512) 463-5219 or Tom.Kincaid@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Anadarko E&P Onshore LLC

Billing Date: 7/9/2019

Billing Due Date: 8/8/2019

Customer Number: C000044444

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00568	MF114908	\$0.00	\$8,472.08	\$943.73	\$694.04	\$10,109.85
Total Due		\$0.00	\$8,472.08	\$943.73	\$694.04	\$10,109.85
Amt. Paid						

Customer C000044444

Invoice Number:

GLO Lea MF114908

GLO Rev Anadarko E&P Onshore LLC

Review Period: AUG 2017 THRU SEP 2018

Category Oil

Auditor/AE: TKIncaid

Billing Date: 7/1/2019

P&I Calculation Date: 7/31/2019

Royalty Rate: 25.000%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty	Revenue Due
Oct-17	08-282759	175	1	\$48.425974	1.00	\$8,474.55	\$2,118.64	\$0.00	\$2,118.64	603	4.75%	\$211.86	\$149.99	\$2,480.49
Nov-17	08-282759	196	1	\$54.591494	1.00	\$10,699.93	\$2,674.98	\$0.00	\$2,674.98	572	5.50%	\$267.50	\$206.78	\$3,149.26
Dec-17	08-282759	329	1	\$56.458087	1.00	\$18,574.71	\$4,643.68	\$0.00	\$4,643.68	541	5.50%	\$464.37	\$337.27	\$5,445.32
Mar-18	08-282759	(63)	1	\$61.283599	1.00	-\$3,860.87	-\$965.22	\$0.00	-\$965.22	452	5.50%	\$0.00	\$0.00	-\$965.22
Aug-18	08-282759	0	1	\$55.603500	1.00	\$0.00	\$0.00	\$0.00	\$0.00	299	5.50%	\$0.00	\$0.00	\$0.00
TOTALS		637				\$33,888.32	\$8,472.08	\$0.00	\$8,472.08			\$943.73	\$694.04	\$10,109.85

COMMENT: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER REPORTED/PAID.

COLUMN VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID#s 08-282759

COLUMN PRICES AND BTU FACTORS WERE TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.

COLUMN PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

ATTN: Anna Anklam

CERTIFII 7011 1150 0001 2420 1167

File No. MF114908

Reconciliation Billing County

Date Filed: 7/30/19

By _____ George P. Bush, Commissioner VB



MEMORANDUM

TEXAS GENERAL LAND OFFICE • COMMISSIONER DAWN BUCKINGHAM, M.D.

DATE: September 16, 2025 **PSA#** 00777

TO: School Land Board

FROM: Pooling Committee

SUBJECT: Request from Anadarko E&P Onshore, LLC to have the State enter into a Production Sharing Agreement for drilling of the Yeti State 56 – 2 – 40 - 1 allocation wells.

- **Anadarko E&P Onshore, LLC** is the operator of State lease MF114908 (GLO Unit 8098) in which the State has a royalty interest, and they are requesting that the royalty owners sign a Production Sharing Agreement, which the School Land Board has the authority to approve pursuant to Texas Natural Resources Code §52.154.
- The Production Sharing Agreement will allow the operator to drill the Yeti State 56 – 2 – 40 - 1 allocation wells which will traverse State lease MF114908 (GLO Unit 8098).
- The State's participation in the sharing wells will be based on Productive Lateral Length from first take point to last take point.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the Production Sharing Agreement.



General Land Office

8.14.25

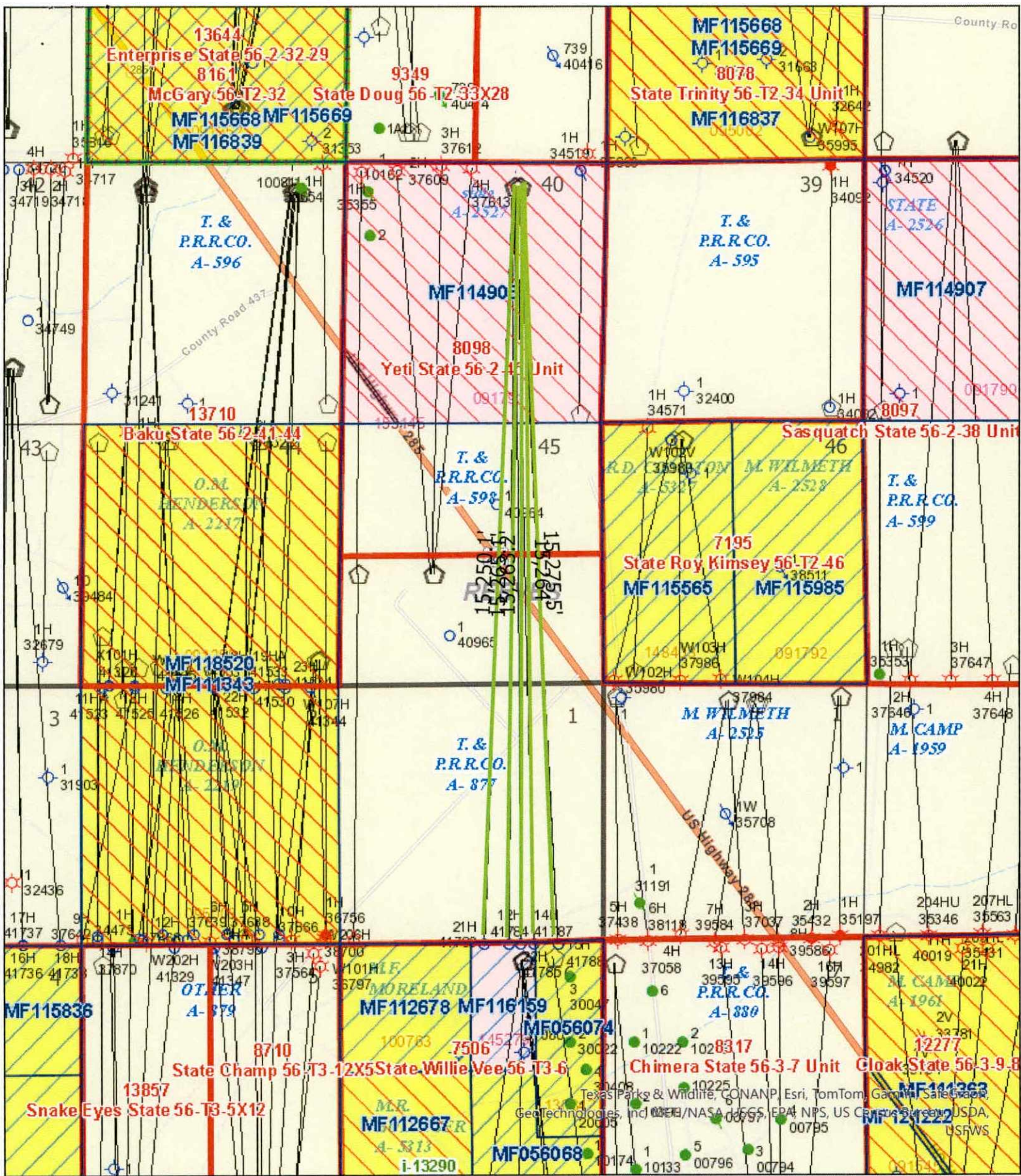
Date

Office of the Governor

Date

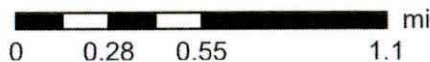
Office of the Governor

Date



GLO Land/Lease Mapping Viewer

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TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

Revised 6/11/25

PRODUCTION SHARING AGREEMENT

PSA# 00777

Yeti State 56-2-40-1

This production sharing agreement (“**Agreement**”), dated effective as of **September 1, 2025** (“**Effective Date**”), is between **Anadarko E&P Onshore LLC** (“**Operator**”), the Commissioner of the General Land Office, on behalf of the State of Texas and the owner or owners below (collectively and each an “**Owner**”).

- Owner owns a mineral, working, and/or royalty interest in one or more oil and gas leases and/or in the mineral estate of the lands described by one or more of the leases identified under “**Leases**” in **Exhibit “A”** attached hereto, located within or adjacent to the geographic boundaries of the pooled units formed by the unit declarations or designations identified under “**Pooled Units**” in **Exhibit “A”** attached hereto (referred to individually as a “**Lease**” and collectively as the “**Pooled Units**,” if applicable);
 - Operator is the owner and/or operator of the Leases and/or Pooled Units as to the acreage described in **Exhibit “B”** attached hereto and depicted in the plat attached as **Exhibit “C”**;
 - The Parties desire to establish an agreed method of allocating production from one or more Sharing Wells (as defined in Section 3) to one or more of the Pooled Units or Leases adjacent to the Pooled Units.
1. **Production Sharing Calculation.** If Operator completes a Sharing Well, Operator shall:
- a. Request that the GLO designate that Sharing Well as either (i) a Unit Sharing Well, (ii) a Unit Line Well (each as defined in Section 3), (iii) or both; and
 - b. allocate production from that Sharing Well, from the date of first production, to each Sharing Well Property using the applicable fraction below:

Sharing Well Type	Numerator	Denominator
Unit Sharing Well	Completed Lateral Length on the Sharing Well Property	Total Completed Lateral Length
Unit Line Well	Horizontal Drainhole Area on the Sharing Well Property	Total Horizontal Drainhole Area

2. **Effect of Sharing Wells.** Operations on or production from a Sharing Well will be considered for all purposes (except the calculation and payment of royalties) to



be operations on or production from each of the Sharing Well Properties to which production from the Sharing Well is allocated. Operator shall pay royalties under the terms of the Leases on the share of production as calculated in Section 1(b).

3. **Definitions.** For purposes of this Agreement, the following definitions apply:

“As-Drilled Survey Plat” means a plat, prepared by a registered professional engineer or surveyor, using a directional survey that shows the Sharing Well's wellbore path.

“Completed Lateral Length” means the actual measured distance between the first and last Take Point along the Horizontal Drainhole in the Sharing Well excluding any non-perforation zones.

“Horizontal Drainhole” means the portion of the Sharing Well identified on the As-Drilled Survey Plat:

- a. between the first and last Take Point (excluding any non-perforation zones); and
- b. located within one or more productive formations.

“Horizontal Drainhole Area” means the area within the Sharing Well Properties bounded by two lines 330 feet equidistant from and along the Horizontal Drainhole of a Sharing Well. For avoidance of doubt, the distance between the two lines paralleling the Horizontal Drainhole shall be 660 feet.

“Sharing Well” means a well with a horizontal drainhole displacement greater than 100 feet (as defined by Texas Administrative Code, Title 16, Part I, Chapter 3, Rule §3.86) in which Take Points are located on more than one Sharing Well Property.

“Sharing Well Property” means:

- a. any Pooled Unit,
- b. any unpooled portion of a Lease, or
- c. any other lease, pooled unit, unpooled portion of a lease or tract upon which a portion of the Horizontal Drainhole or Horizontal Drainhole Area (as shown by the As-Drilled Survey Plat) is located.

“Take Point” means any point in a horizontal well that is open to the formation where hydrocarbons from the formation can enter the wellbore.

“Unit Sharing Well” means a Sharing Well with a Horizontal Drainhole Area that traverses two or more Sharing Well Properties and is designated



by the GLO as a “Unit Sharing Well”.

“**Unit Line Well**” means a Sharing Well with a portion of its Horizontal Drainhole located within 330 feet of a common property line between the Sharing Well Properties and is designated by the GLO as a “Unit Line Well”.

4. **Offset Obligations and Surface Use.** A Sharing Well does not create any offset obligations under any Leases in the Sharing Well Property. Operator shall have the right to make reasonable use of the surface and subsurface of each Sharing Well Property for the purpose of exploring, drilling, completing, producing, transporting and marketing oil and gas from any Sharing Well.
5. **Other Wells.** This Agreement does not affect the ownership or production allocation of any well drilled on a Sharing Well Property that is not a Sharing Well.
6. **Related Documents.** The terms of any Leases, agreements, and pooling agreements covering or affecting the Owner’s lands within a Sharing Well Property (collectively, “**Related Documents**”) are hereby amended to conform to this Agreement. If provisions in any Related Documents conflict with provisions in this Agreement, the provisions in this Agreement will control. A Sharing Well does not constitute a unit well for the purpose of unit production or unit operations or a drilling obligation contained in a pooling agreement, if applicable, unless approved in writing by the General Land Office.
7. **Retained Acreage.** If any Lease contains a retained-acreage clause, partial-termination clause, or other provision that would, based upon the passage of time or the occurrence or non-occurrence of some event or condition, cause the Lease to terminate, except as to certain portions of the leased premises included within certain types of units or otherwise associated with productive wells, then, for the sole purpose of determining the acreage and/or depths of the leased premises under said Lease that is perpetuated by a Sharing Well, that portion of the Sharing Well drilled on the leased premises of said Lease or situated within a Horizontal Drainhole Area extending onto said Lease (“On-Lease Portion”) shall be treated as a well drilled solely on the leased premises, and the acreage retained by said On-Lease Portion of a Unit Sharing Well shall be the greater of 40 acres or the amount of acreage determined by the following formula: $0.032 \times (L - N) = A$, where L = the length (in feet) of the horizontal /lateral component of the wellbore from the first Take Point to the last Take Point, N = the length (in feet) of the wellbore between first and last Take Points that fall in a non-perf zone or outside the Lease and/or Pooled Unit, and A = the area retained (in acres), provided that, if A is not divisible by the number 5, A will be rounded up to the next number divisible by 5, (e.g. $0.032 \times 4500 \text{ feet} = 144 \text{ acres}$, which rounds up to 145 acres).

E.g. If 1,000 ft of a 5,000 ft-long Sharing Well is located on leased premises covered by a Lease with a retained acreage provision, then the Sharing Well will be considered to be 1,000 ft long (i.e., the portion located on the relevant leased premises) for purposes of the retained acreage provision and will retain



35 acres (1,000' x 0.032 = 32 acres, rounded up to 35 acres).

However, the cumulative area retained (in acres) under the foregoing calculation when applied to multiple Leases may not exceed 0.032 x (L - non-perf zones) rounded up to the next number divisible by 10.

The acreage retained by a Unit Line Well shall be the On-Lease Portion of the Horizontal Drainhole Area for said well. Furthermore, the depths retained by said On-Lease Portion of a Sharing Well shall be limited to: (1) 300 feet true vertical depth above the shallowest depth reached by the horizontal/lateral component of the wellbore from the first Take Point to the last Take Point inside the Lease and/or Pooled Unit; and (2) 300 feet true vertical depth below the deepest depth reached by the horizontal/lateral component of the wellbore from the first Take Point to the last Take Point inside the Lease and/or Pooled Unit.

8. **Term.** This Agreement will remain in effect for a period of [one (1) year] from the Effective Date and for so long thereafter as a Lease remains in effect as to all or any portion of the lands covered thereby and a Sharing Well is producing in paying quantities, as defined by the respective Lease. If all Sharing Wells fail to produce in paying quantities, this Agreement shall automatically terminate.
9. **Dissolution.** This Agreement may be dissolved by Operator, its heirs, successors or assigns, by an instrument filed for record in the county records where the Sharing Well Properties are situated, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on the Sharing Area or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the Owner and mutually agreed to by the undersigned parties, their successors or assigns.
10. **Cross-conveyance.** Nothing in this Agreement shall be construed as effecting a cross-assignment or cross-conveyance of any interest that is subject to this Agreement.
11. **Existing Production Excluded.** Any wells producing from the Sharing Properties prior to the Effective Date of this Agreement are specifically excluded from the provisions of this Agreement and will be governed by their respective leases, agreements, and units, as applicable.
12. **Counterparts.** The parties may sign this Agreement in one or more counterparts, each of which is an original, and all of which constitute only one agreement between the parties. The executed counterparts may be combined by Operator into one or more instruments for recordation, by combining the signature pages and acknowledgments, and the executing parties agree that such instruments will be treated and given effect for all purposes as a single instrument.
13. **Binding Effect.** This Agreement is assignable, in whole or in part, and binds and benefits the parties and their respective successors and assignees.



14. **Memorandum.** Operator may record a memorandum of this Agreement.

(Signature Pages and Exhibits Follow)



OWNER is signing this Agreement on the date stated below, but this Agreement is effective as of the Effective Date.

Date Executed: 10/15/2025

STATE OF TEXAS



DAWN BUCKINGHAM, M.D.
Commissioner, General Land Office

Approved:

cont. ^{Initial} LB

MM ^{DS} DBO

OGC ^{DS} km

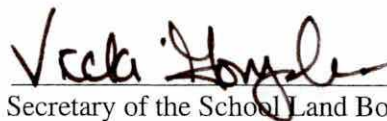
DCC ^{DS} AP

CC ^{Initial} PP

CERTIFICATE

I, Vicki Gonzales, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 16th day of September, 2025, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapters 32 & 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 15 day of October, 2025.



Secretary of the School Land Board

OPERATOR is signing this Agreement on the date stated below, but this Agreement is effective as of the Effective Date.

Date Executed 9/30/2025

ANADARKO E&P ONSHORE LLC

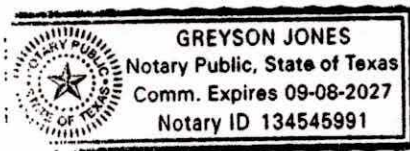
By: [Signature]
Printed: John V. Schneider
Its: Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on SEPTEMBER 30th, 20 25, by JOHN V. SCHNEIDER
as ATTORNEY-IN-FACT of Anadarko E&P Onshore, LLC, on behalf of such company.



[Signature]

Notary Public in and for the State of TEXAS

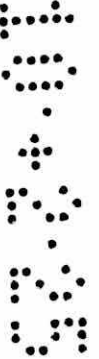


EXHIBIT "A"

Attached to and made a part of that certain Production Sharing Agreement dated September 1, 2025, by and between Anadarko E&P Onshore LLC as Operator, and Owner.

LEASES:

APC Lease No.	Lessor	Lessee	Effective Date	State	County	Book	Page
1328965000	CHEVRON USA INC	ANADARKO E&P ONSHORE LLC	2/1/2014	TX	Reeves	1064	169
1362303000	GEORGE C FRASER ET AL	GULF OIL CORPORATION	11/22/1949	TX	Reeves	128	64
1366468000	ST TX MF-114908 (PSL)	CIMAREX ENERGY CO	4/2/2013	TX	Reeves	1005	447
1328967000	CHEVRON USA INC	ANADARKO E&P ONSHORE LLC	2/1/2014	TX	Reeves	1064	165
1362851000	GEORGE C FRASER ET AL	CONTINENTAL OIL COMPANY	7/28/1950	TX	Reeves	133	177

POOLED UNITS:

- 1) **The Yeti State 56-2-45 Unit (GLO Unit No. 8098)** as described in that certain Pooling Agreement, Yeti State 56-2-45 Unit, dated August 8, 2016, filed under Volume 1319, Page 475, in in the Official Public Records of Reeves County, Texas comprised of the following described lands: 964.38 acres, more or less, being all of Section 40 and the North Half (N/2) of Section 45, Block 56, Township 2, T&P RR Co. Survey, Reeves County, Texas
- 2) **The Chupacabra 56-2-45 Unit** as described in that certain Declaration of Pooled Unit, Chupacabra 56-2-45 Unit, dated August 1, 2016, filed under Volume 1312, Page 753, in the Official Public Records of Reeves County, Texas comprised of the following described lands: 960.58 acres, more or less, being the South Half (S/2) of Section 45, Block 56, Township 2, and all of Section 1, Block 56, Township 3, T&P RR Co. Survey, Reeves County, Texas

EXHIBIT "B"

Attached to and made a part of that certain Production Sharing Agreement dated September 1, 2025, by and between Anadarko E&P Onshore LLC as Operator, and Owner.

LANDS:

Tract 1: The Yeti State 56-2-45 Unit as described in that certain Pooling Agreement, Yeti State 56-2-45 Unit, filed under Volume 1319, Page 475, in Reeves County, Texas covering the following described lands: 964.38 acres, more or less, being all of Section 40 and the North Half (N/2) of Section 45, Block 56, Township 2, T&P RR Co. Survey, Reeves County, Texas

Tract 2: The Chupacabra 56-2-45 Unit as described in that certain Declaration of Pooled Unit, Chupacabra 56-2-45 Unit, filed under Volume 1312, Page 753, in Reeves County, Texas covering the following described lands: 960.58 acres, more or less, being the South Half (S/2) of Section 45, Block 56, Township 2, and all of Section 1, Block 56, Township 3, T&P RR Co. Survey, Reeves County, Texas

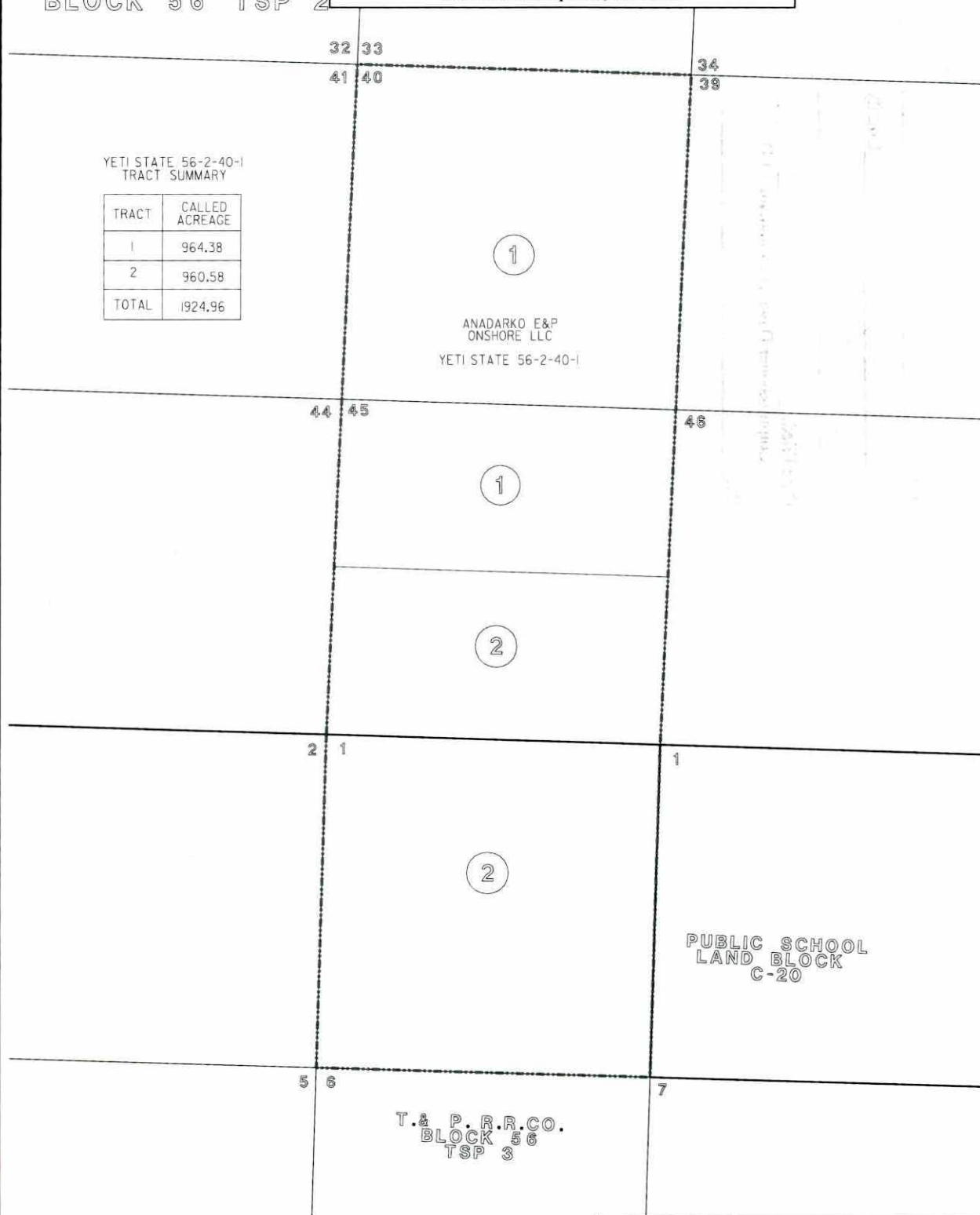


T. & P. R. R. CO.
BLOCK 56 TSP 2

EXHIBIT "C"
Attached to and made a part of that certain Production Sharing
Agreement dated September 1, 2025, by and between Anadarko E&P
Onshore LLC as Operator, and Owner.

YETI STATE 56-2-40-1
TRACT SUMMARY

TRACT	CALLED ACREAGE
1	964.38
2	960.58
TOTAL	1924.96



1500 1125 750 375 0 750 1500

SCALE IN FEET
SCALE: 1" = 1500'

FIELD: PHANTOM (WOLFCAMP)

LEASE BOUNDARY - - - - -

PRODUCING WELL - - - - - ●

INJECTION WELL - - - - - ⊙

WELL LOCATIONS - - - - - ⊙ ○

PROPOSED CONVERSION - - - - - ⊙ PC

I, BRYON W. CAREY hereby certify that this plat,
drawn to the scale indicated, accurately represents
conditions as they actually exist on the property
on which permit to drill is sought and correctly
reflects all pertinent data required to be shown on
such plat by orders of the Railroad Commission of Texas.

Bryon W. Carey
Date: 06/06/2025

GRID
NAD83 TCE
USFT

ANADARKO E&P ONSHORE LLC

**YETI STATE 56-2-40-1
SHARING AREA**

Reeves County, Texas

Scale: 1" = 1500' 06/06/2025 505_yeti_state.dgn
Plat prepared by GRB
Horizon Survey, Inc.

2020

22

File No. MF114908

Reeves

County

PSA # 00777

Date Filed:

10-27-25

Commissioner Dawn Buckingham, M.D.

By:

CRO